Raiffeisen Bank International

Semi-Annual Financial Report as of 30 June 2013

Survey of key data

Raiffeisen Bank International Group

Monetary values in € million	2013	Change	2012
Income statement	**1/1-30/6**		**1/1-30/6**
Net interest income	1,836	4.2%	1,762
Net provisioning for impairment losses	(469)	17.3%	(400)
Net fee and commission income	785	9.0%	721
Net trading income	140	(15.9)%	167
General administrative expenses	(1,617)	6.5%	(1,518)
Profit before tax	467	(49.6)%	927
Profit after tax	311	(57.6)%	734
Consolidated profit	277	(60.5)%	701
Statement of financial position	**30/6**		**31/12**
Loans and advances to banks	21,460	(3.9)%	22,323
Loans and advances to customers	81,942	(1.7)%	83,343
Deposits from banks	27,495	(8.9)%	30,186
Deposits from customers	66,575	0.4%	66,297
Equity	10,428	(4.1)%	10,873
Total assets	130,306	(4.3)%	136,116
Key ratios	**1/1-30/6**		**1/1-30/6**
Return on equity before tax	8.6%	(8.7) PP	17.3%
Return on equity after tax	5.7%	(7.9) PP	13.7%
Consolidated return on equity	5.4%	(9.0) PP	14.4%
Cost/income ratio	60.2%	2.1 PP	58.1%
Return on assets before tax	0.70%	(0.54) PP	1.24%
Net interest margin (average interest-bearing assets)	3.06%	0.42 PP	2.64%
NPL ratio	9.9%	0.2 PP	9.8%
Provisioning ratio (average loans and advances to customers)	1.13%	0.23 PP	0.90%
Bank-specific information[1]	**30/6**		**31/12**
Risk-weighted assets (credit risk)	67,816	(0.5)%	68,136
Total own funds	12,513	(2.9)%	12,885
Total own funds requirement	6,621	(0.1)%	6,626
Excess cover ratio	89.0%	(5.5) PP	94.5%
Core tier 1 ratio, total	10.4%	(0.3) PP	10.7%
Tier 1 ratio, credit risk	13.3%	(0.3) PP	13.6%
Tier 1 ratio, total	10.9%	(0.3) PP	11.2%
Own funds ratio	15.1%	(0.4) PP	15.6%
Stock data	**1/1-30/6**		**1/1-30/6**
Earnings per share in €	0.91	(70.6)%	3.09
Closing price in € (30/6)	22.40	(13.0)%	25.75
High (closing prices) in €	33.59	28.4%	26.17
Low (closing prices) in €	22.40	20.2%	18.64
Number of shares in million (30/6)	195.51	–	195.51
Market capitalization in € million (30/6)	4,379	(13.0)%	5,034
Resources	**30/6**		**31/12**
Employees as of reporting date	58,831	(2.1)%	60,084
Business outlets	3,056	(1.6)%	3,106
Customers in million	14.3	0.6%	14.2

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

Content

In this report RBI denotes the RBI Group. If RBI AG is used it denotes Raiffeisen Bank International AG.

The calculation of the loan/deposit ratio was adapted: It is currently calculated - also for the past - disregarding claims and obligations from (reverse) repurchase agreements and securities lending/borrowing.

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

RBI in the capital markets

Central bank policies influence share prices

Although the global slowdown in the second quarter of 2013 cast a growing shadow over the Eurozone's anticipated economic recovery in the second half-year, positive sentiment has gained traction in international equity markets, notably in the USA. After overcoming initial difficulties, the successful formation of a new government in Italy helped to calm markets. In addition, equities benefitted from the ECB's early May announcement of an interest rate cut from 0.75 per cent to 0.5 per cent.

In June, US Federal Reserve Chairman Ben Bernanke put a damper on the overall positive picture with his announcement that the Fed might abandon its loose monetary policy stance as early as this year. As a result, equities declined sharply, with numerous markets – including Austria – finishing the second quarter in red.

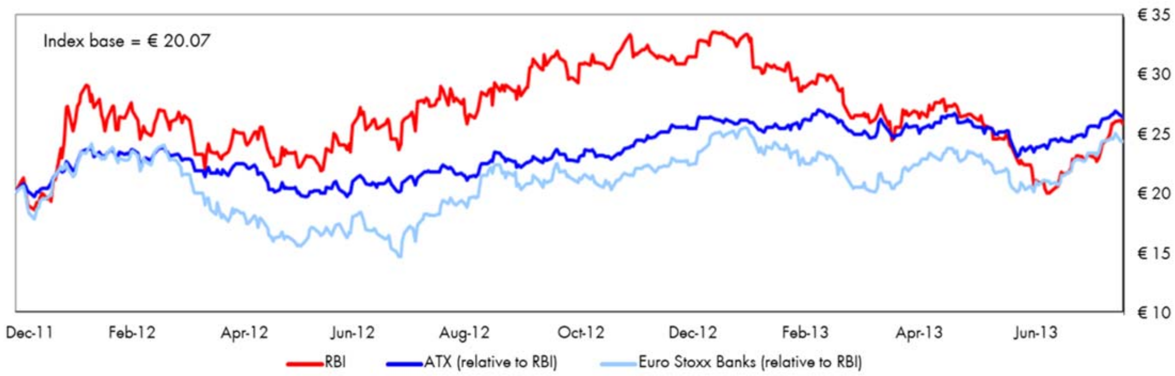
As the quarter progressed, bond yields in countries deemed as safe havens, e.g. Germany, spiked, whereas they continued to fall in a number of periphery countries such as Spain, and following the successful formation of a new government, also in Italy.

Towards the end of the first half-year, the EU Commission unveiled a draft for a Single Resolution Mechanism for saving or shutting down the so-called "crisis banks." The proposal calls for troubled major banks in Europe to be bailed-out in the future primarily at the expense of their shareholders and creditors, and not by taxpayers. This model enables the Commission to forge ahead with efforts to establish a uniform European banking regulation and supervision mechanism to prevent systemic crises; however, approval of the draft is still pending and negotiations over its adoption are likely to go on for some time.

Performance of RBI stock

Going into the second quarter, RBI stock was trading at € 26.52, reaching its highest closing price for the reporting period on 15 May 2013 at € 27.95. It decreased in value over the remainder of the period, touching its lowest closing price of € 22.40 on 28 June 2013. As of the editorial deadline of this report on 19 August 2013, the RBI share traded at € 26.10.

Price performance since 1 January 2012 compared to the ATX and EURO STOXX Banks



Annual General Meeting

Whereas investor conferences are usually intended for institutional investors, the Annual General Meeting affords private investors the opportunity to obtain information on the company's business performance and strategy directly from the Management Board. This year, RBI held its Annual General Meeting in Vienna on 26 June 2013, with Karl Sevelda addressing shareholders for the first time in his role as CEO.

For the 2012 financial year the Annual General Meeting approved a € 0.12 dividend increase over the 2011 financial year to € 1.17 per share. Without the company's own shares, which are not entitled to dividends, this represents a total dividend pay-out of roughly € 228 million.

Among other resolutions adopted by the Annual General Meeting, RBI has also been given greater flexibility to respond to future capital requirements. The Management Board has been authorized, subject to the approval of the Supervisory Board, to increase the company's share capital by up to 50 per cent within five years. By virtue of this authorization, the shareholders' statutory subscription rights can be partially excluded (not to exceed 10 per cent of the company's share capital) if the capital increase is carried out by contribution in cash. Similarly, shareholders' statutory subscription rights can also be excluded in whole or in part for capital increases against contributions in kind. In addition, the Management Board has been authorized to issue convertible bonds for a total nominal amount of up to € 2 billion within a period of five years.

Furthermore, the Annual General Meeting elected Klaus Buchleitner, Chief Executive of Raiffeisen-Holding and Raiffeisenlandesbank Niederösterreich-Wien, to RBI's Supervisory Board. He succeeds Friedrich Sommer, who resigned from his Supervisory Board mandate as of 26 June 2013.

Active capital market communication

In the second quarter of 2013 RBI offered interested investors yet another opportunity to obtain first-hand information at road shows in Brussels, Cologne, Copenhagen, Dusseldorf, Frankfurt, Hong Kong, London, Milan, New York, Paris, Singapore and Tokyo, as well as in Zürs, Austria. In addition, following the publication of its 2012 annual results, the company held its RBI Investor Presentation on 11 April 2013 in London, attended by some 70 participants. The entire event is available online as a webcast, which can be viewed at www.rbinternational.com → Investor Relations → Events.

To mark the release of its results for the first quarter of 2013, RBI also held a conference call on May 28, with an estimated 200 international analysts and investors participating. A webcast of this event can likewise be accessed on the Internet.

A total of 29 equity analysts and 17 debt analysts regularly report their investment recommendations on RBI, which makes RBI the company in Austria with the largest number of analysts reporting on it on a regular basis.

Stock data and details

RBI has been listed on the Vienna Stock Exchange since 25 April 2005. Its stock is represented in several leading national and international indices, including the ATX and the EURO STOXX Banks. As of the end of the quarter, RZB held approximately 78.5 per cent of RBI's stock, with the remaining shares in free float. At the end of June 2013, about one-third of the free float was held by private investors with the majority from Austria. Some two-thirds were in the hands of institutional investors. These continue to be diversified internationally. RBI’s shares were held by institutional investors from the USA (approximately 24 per cent), Austria (approximately 20 per cent), UK and Ireland (approximately 18 per cent), other EU countries (approximately 24 per cent), as well as from other countries such as Singapore and Japan.

Share price as of 30 June 2013	€ 22.40
High/low in the second quarter of 2013 (closing prices)	€ 27.95 / € 22.40
Earnings per share from 1 January to 30 June 2013	€ 0.91
Market capitalization as of 30 June 2013	€ 4.379 billion
Average daily trading volume in the second quarter of 2013 (single count)	178,967 shares
Stock exchange turnover in the second quarter of 2013 (single count)	€ 276.38 million
Free float as of 30 June 2013	approximately 21.5%
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 June 2013	195,505,124

Rating details

Rating agency	Long-term rating	Short-term rating	Outlook
Moody's Investors Service	A2	P-1	negative
Standard & Poor's	A	A-1	negative
Fitch Ratings	A	F1	stable

Financial calendar 2013 and 2014

13 November 2013	Start of Quiet Period
27 November 2013	Third Quarter Report, Conference Call

27 February 2014	Start of Quiet Period
27 March 2014	Annual Report 2013, Conference Call
28 March 2014	RBI Investor Presentation, London
8 May 2014	Start of Quiet Period
22 May 2014	First Quarter Report, Conference Call
4 June 2014	Annual General Meeting
11 June 2014	Ex-Dividend and Dividend Payment Date
7 August 2014	Start of Quiet Period
21 August 2014	Semi-Annual Report, Conference Call
6 November 2014	Start of Quiet Period
20 November 2014	Third Quarter Report, Conference Call

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Karl Sevelda is new CEO of RBI

In June, the Supervisory Board of RBI accepted Herbert Stepic's offer of resignation as CEO of RBI. Herbert Stepic had offered to resign his position for personal reasons on 24 May 2013; he stepped down from the Management Board of RBI on June 7. At the same time, Karl Sevelda, who as board member was previously responsible for RBI's Corporate Banking, was appointed the new CEO.

Karl Sevelda has over 35 years of banking industry experience, including more than 20 years at Creditanstalt-Bankverein. From 1998 to 2010, he was a member of the Management Board of Raiffeisen Zentralbank Österreich AG. Since 2010 he served as deputy Chairman of RBI's Management Board. In addition to his role as CEO, Karl Sevelda will retain his responsibility for Corporate Banking until the Supervisory Board determines the redistribution of functional responsibilities. Johann Strobl was appointed the new deputy Chairman of the RBI Management Board.

Group management report

Market development

Slowdown in CEE economic growth

Following a 2.1 per cent increase in 2012, estimates for 2013 were revised to a further decline in economic growth in Central and Eastern Europe (CEE) to 1.5 per cent. With few exceptions such as Hungary and Romania, the weaker GDP growth trend continued particularly in the first quarter of 2013. The slowdown was attributable to decreasing Eurozone growth, which impacted primarily small, open and export-dependent economies; additionally, the economic slowdown was driven by weak domestic demand. The second quarter of 2013 appeared to have shown signs of slow recovery which should stabilize economic development in the CEE region during the second half of the year, and improve growth. Economic growth in the entire CEE region is projected to reach 2.0 per cent in 2014.

Central Europe (CE) – the Czech Republic, Hungary, Poland, Slovakia and Slovenia – is the most economically developed region in CEE. With the exception of Poland, CE economies are small, open and highly dependent on exports to the Eurozone. As a result, CE was especially impacted by the Eurozone's economic slowdown (including two recessionary years: 2012 and 2013). Following 0.6 per cent growth in 2012, the CE region is expected to experience continued weak economic development at 0.5 per cent in 2013. Despite a slowdown in the first quarter of 2013, Poland and Slovakia nevertheless reported an economic growth year-on-year. Although Hungary did not achieve growth year-on-year, at minus 0.9 per cent, the situation improved when compared to previous quarters. Economic output contracted 2.2 per cent in the Czech Republic, and 4.8 per cent in Slovenia. The CE region's economy is projected to recover in 2014, with growth anticipated to increase to 2.1 per cent.

In Southeastern Europe (SEE) – Albania, Bosnia and Herzegovina, Bulgaria, Croatia, Kosovo, Romania and Serbia – the economy should recover in 2013, with growth forecast at 1.4 per cent, following another year of stagnation in 2012. Romania and Serbia as well as Bosnia and Herzegovina have overcome the 2012 recession and currently exhibit slightly positive growth rates. Only Croatia looks set to remain in recession in 2013; Bulgaria is also projected to benefit less from the upturn in the region in 2013. A continued improvement to 2.0 per cent in the SEE region's growth trend is expected for 2014. Upward potential is mainly due to structural reforms implemented by many countries in this region.

The Commonwealth of Independent States (CIS) – Belarus, Russia and Ukraine – were far less severely impacted by events in the Eurozone than CE and SEE. Moreover, Russia has benefitted in recent years from a relatively stable and high-level oil price. Against this backdrop, the region managed to partially decouple from the economic weakness in the Eurozone. However, the region in 2012 saw first signs of a slowdown with economic growth declining to 3.1 per cent. Particularly as of the second half of 2012, the CIS proved to be no longer immune to the global economic climate. The steel market, for example, a key industry for Ukraine, weakened markedly. Decreasing exports and a decline in investment activity led to flagging economic growth. In addition, domestic consumption, which to date had served as a supporting engine of growth, came under pressure towards the end of 2012 – a trend that is to continue well into 2013. Consequently, economic output in the CIS is projected to only grow by 1.9 per cent in 2013; for 2014, an increase of 2.0 per cent is expected.

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

Region/country	2012	2013e	2014f	2015f
Czech Republic	(1.2)	(0.7)	1.9	2.4
Hungary	(1.7)	0.5	1.5	1.5
Poland	1.9	1.2	2.5	3.0
Slovakia	2.0	0.9	2.0	3.0
Slovenia	(2.3)	(2.5)	0.0	1.5
CE	**0.6**	**0.5**	**2.1**	**2.6**
Albania	1.6	2.0	3.5	4.0
Bosnia and Herzegovina	(1.3)	0.2	1.5	3.5
Bulgaria	0.8	0.5	2.5	3.5
Croatia	(2.0)	(0.5)	1.0	1.5
Kosovo	3.0	3.0	3.0	4.0
Romania	0.7	2.5	2.0	2.5
Serbia	(1.7)	1.0	2.0	3.0
SEE	**0.0**	**1.4**	**2.0**	**2.7**
Belarus	1.5	2.0	3.0	4.0
Russia	3.4	2.0	2.0	2.5
Ukraine	0.2	1.0	1.5	2.5
CIS	**3.1**	**1.9**	**2.0**	**2.5**
CEE	**2.1**	**1.5**	**2.0**	**2.6**
Austria	**0.9**	**0.5**	**1.5**	**1.5**
Germany	**0.9**	**0.5**	**1.8**	**1.3**
Eurozone	**(0.5)**	**(0.7)**	**1.2**	**1.3**

Earnings, financial and assets position

Despite the ongoing difficult market environment and subdued economic forecasts, RBI generated a profit before tax of € 467 million in the first half of 2013. The fall of € 460 million versus the comparable period was primarily attributable to one-off effects in 2012 such as the sale of bonds and the hybrid tier 1 capital buyback totaling € 272 million. While net income from derivatives and liabilities declined € 167 million in the first half of 2013, a rise in both net fee and commission income and net interest income – especially due to an improved net interest margin – had a positive impact on operating income and thus also on profit before tax.

Operating income increased 3 per cent, or € 71 million, to € 2,686 million year-on-year. This rise is mainly attributable to the € 65 million improvement in net fee and commission income, which was achieved through price adjustments in some markets but also through higher transaction volume. Net interest income also developed favorably: net interest margin (calculated on interest-bearing assets) increased 42 basis points to 3.06 per cent due to repricing measures in the deposit business as well as an optimization of liquidity. Despite a significantly reduced volume, this resulted in a 4 per cent increase in net interest income to € 1,836 million. In contrast, net trading income declined € 26 million to € 140 million year-on-year. Other net operating income also declined € 42 million as a result of increased bank levies and newly introduced financial transaction tax in Hungary. In accordance with the IFRS standard (IFRIC 21), the Hungarian bank levy was booked upfront for the full year 2013 in the second quarter.

General administrative expenses climbed 7 per cent, or € 99 million, year-on-year to € 1,617 million, largely due to the consolidation and integration of Polbank in May 2012. Salary adjustments in Russia were further responsible for the rise. Some countries reported positive effects from ongoing cost reduction programs. The number of business outlets fell by 97 to 3,056 year-on-year, predominantly due to the optimization of the branch network following the merger with Polbank.

Compared to the same period last year, net provisioning for impairment losses rose 17 per cent from € 400 million to € 469 million. In the comparable period, these included a net release of portfolio-based loan loss provisionsof € 91 million, whereas net allocations of € 21 million were made in the first half of 2013. At € 456 million, net allocations to individual loan loss provisions were 8 per cent down on the comparable period.

During the reporting period, net income from derivatives and liabilities remained negative and declined from minus € 20 million to minus € 187 million. Contained therein are valuations for credit spreads on own liabilities, which – due to financial markets easing and resulting marked reduction in CDS premium for RBI – posted a valuation loss of € 134 million compared to € 58 million in the same period last year. The partial repurchase of hybrid bonds in the comparable period resulted in net income of € 113 million.

Net income from financial investments declined from € 253 million to € 64 million year-on-year. In the comparable period, sale of securities at Group head office – undertaken to meet the capital ratio required by the European Banking Authority (EBA) –resulted in net proceeds of € 159 million. In the first half of 2013, the valuation gain of the fair-value portfolio of securities amounted to € 26 million, while sales of equity participations resulted in income of around € 40 million for RBI during the reporting period.

Consolidated profit after tax for the first half of 2013 amounted to € 311 million, representing a decline of 58 per cent or € 422 million on the comparable period. The tax rate, at 33 per cent, was 12 percentage points higher than the comparable rate last year. Profit attributable to non-controlling interests rose € 2 million to € 35 million. After deducting profit attributable to non-controlling interests, consolidated profit amounted to € 277 million, a decline of € 424 million year-on-year. During the reporting period, 194.9 million shares were outstanding on average, resulting in earnings per share of € 0.91 (first half of 2012: € 3.09).

Comparison of results year-on-year

In € million	**1/1-30/6/2013**	**1/1-30/6/2012**	**Change absolute**	**Change in %**
Net interest income[1]	1,836	1,762	75	4.2%
Net fee and commission income	785	721	65	9.0%
Net trading income[1]	140	167	(26)	(15.9)%
Other net operating income[2]	(76)	(35)	(42)	120.5%
Operating income	**2,686**	**2,614**	**71**	**2.7%**
Staff expenses[3]	(815)	(768)	(48)	6.2%
Other administrative expenses	(615)	(572)	(43)	7.5%
Depreciation	(186)	(178)	(9)	4.9%
General administrative expenses[3]	**(1,617)**	**(1,518)**	**(99)**	**6.5%**
Operating result	**1,069**	**1,097**	**(28)**	**(2.6)%**
Net provisioning for impairment losses	(469)	(400)	(69)	17.3%
Other results[4]	(133)	231	(363)	–
Profit before tax	**467**	**927**	**(460)**	**(49.6)%**
Income taxes	(156)	(194)	38	(19.6)%
Profit after tax	**311**	**734**	**(422)**	**(57.6)%**
Profit attributable to non-controlling interests	(35)	(33)	(2)	6.0%
Consolidated profit	**277**	**701**	**(424)**	**(60.5)%**

1 Reclassification of a foreign exchange derivative-related interest component.
2 Excl. impairment of goodwill.
3 Adaption of previous year figures due to the retrospective application of IAS 19 (effect lower than € 1 million).
4 Incl. impairment of goodwill.

Net interest income

In the first six months of 2013, net interest income rose 4 per cent, or € 75 million, to € 1,836 million year-on-year. At 68 per cent, it remains the largest component of operating income. The decrease in interest income due to lower lending volume was fully offset by lower interest expenses for customer deposits. Interest income from derivatives increased 30 per cent or € 50 million to € 213 million (predominantly at Group head office).

The net interest margin rose 42 basis points to 3.06 per cent year-on-year, mainly due to positive effects associated with repricing measures in deposit business and reduced provision of liquidity at low interest rates. This positive development was mainly attributable to higher interest income from derivatives at Group head office, repricing measures in deposit business in Poland, and the favorable development of lending business in Russia and Belarus. In the Czech Republic and Bulgaria, net interest income decreased because of lower volume in retail and corporate customer business, as well as lower market interest rates. Net interest income in Hungary, on the other hand, declined because of lower interest income from derivatives and lower lending volume. In contrasting development, Poland reported a rise in net interest income; however, a different classification of individual interest-bearing transactions following the integration of Polbank, limits comparability with the previous year. In Ukraine, net interest income fell because of lower volume in retail and corporate customer business, as well as higher expenses for customer deposits. In Romania, on the other hand, the drop in net interest income was mainly due to lower market interest rates and reduced interest income from securities.

Net fee and commission income

Net fee and commission income rose 9 per cent, or € 65 million, to € 785 million year-on-year. Of this increase, € 34 million, or 52 per cent, is attributable to a significant improvement in net income from payment transfer business. This resulted primarily from higher fees in Hungary following the introduction of the financial transaction tax, the Polbank consolidation, and a volume-driven increase in income from credit card business in Russia. Net income from the securities business grew € 18 million, or 33 per cent, due to increased volume, chiefly at Group head office and in Hungary. Higher volume from the management of investment and pension funds – mainly in Slovakia and Croatia – also contributed to a € 6 million or 65 per cent rise in net income. Similarly, an increase in volume led to a € 5 million, or 29 per cent, increase in net income from the sale of own and third-party products – mainly in Poland and Ukraine. Net income from other banking services developed favorably: the Czech Republic and Russia reported the highest increases thanks to higher net fee and commission income from structured financing and collections.

Net trading income

Net trading income fell 16 per cent, or € 26 million, to € 140 million year-on-year. Group head office posted a € 49 million decline in interest-based transactions, due to valuation losses on derivatives. However, this decrease was practically offset by improved net income from currency-based transactions, credit derivatives business, and other transactions. On the other hand, in Russia, interest-based transactions fell € 14 million due to valuation losses on securities positions. Also in Croatia, where higher income was achieved in the year prior through increased trading activities in a comparatively more favorable market environment, a decrease of € 5 million in interest-related business was reported. Income from currency-based transactions declined most sharply in Poland due to extraordinarily high net income in 2012. Net income from capital guarantees at Group head office improved € 11 million year-on-year.

Other net operating income

Other net operating income fell from minus € 35 million in the comparable period of the previous year, to minus € 76 million in the reporting period. This decline was significantly impacted by a € 62 million increase in bank levies in Hungary and Slovakia and the newly introduced financial transaction tax in Hungary which was, however, partly offset by higher fee and commission income. The Hungarian bank levy was booked upfront for the full year 2013 in the second quarter in accordance with the IFRS standard (IFRIC 21). The release of a provision for VAT liabilities in Poland and the net income from operating lease, led to a positive impact on other net operating income.

General administrative expenses

General administrative expenses rose € 99 million to € 1,617 million compared to the same period last year; most of which was attributable to the consolidation and integration of Polbank in May 2012. Despite increases in operating income, the cost/income ratio thus rose 2.1 percentage points to 60.2 per cent.

Staff expenses, at 50 per cent, provided the largest component in general administrative expenses: a 6 per cent increase, or € 48 million, to € 815 million. This increase mainly resulted from the Polbank consolidation, salary adjustments in Russia, and collective contractual wage increases at Group head office. In contrast, cost reductions in Ukraine as well as staff reductions in Hungary had a positive effect.

The average number of employees (full-time equivalents) fell by 2,290 to 59,393 year-on-year. The largest reductions occurred in Ukraine (down 1,317), Romania (down 533), Hungary (down 142), and Bulgaria (down 135).

Other administrative expenses increased 8 per cent, or € 43 million, to € 615 million. Although several countries posted considerable reductions, the Polbank consolidation, outsourcing of IT activities at Group head office and an increase in advertising campaigns in Russia, resulted in an overall increase.

Depreciation of tangible and intangible fixed assets rose 5 per cent, or € 9 million, to € 186 million, largely due to the Polbank consolidation and to the impairment of buildings in Russia.

Net provisioning for impairment losses

Compared to the same period last year, net provisioning for impairment losses rose 17 per cent, or € 69 million, to € 469 million. This was due to portfolio-based loan loss provisions, which in the previous year included a net release of € 91 million (mainly at Group head office and in Russia). However, in the reporting period, new allocations of € 21 million were made for portfolio-based loan loss provisions.

Net allocations to individual loan loss provisions fell € 41 million to € 456 million. The declines were mainly reported in the Central Europe and CIS Other segments, as well as China. Similarily, in Russia net releases of individual loan loss provisions were reported in the first half of 2013, due to the sale of receivables and updated collateral valuations. In contrast, net allocations rose € 13 million in Southeastern Europe, where significantly higher individual loan loss provisions were formed, particularly in Croatia, for both corporate and retail customers.

The provisioning ratio, based on average volume of loans and advances to customers, increased 23 basis points to 1.13 per cent.

Other results

Other results – consisting of net income from derivatives and liabilities, net income from financial investments, goodwill impairments, and net income from the disposal of Group assets – fell from € 231 million in the same period last year to minus € 133 million.

Net income from financial investments decreased 75 per cent, or € 189 million, to € 64 million. In the previous year, the sale of securities at Group head office – undertaken to meet the capital ratio required by the European Banking Authority (EBA) – resulted in net proceeds of € 159 million. In addition, the sale of other securities in the comparable period produced a net income of € 32 million; during reporting period, net proceeds from the sale of these securities categories amounted to a mere € 8 million. The valuation of the fair-value portfolio thus fell € 24 million to € 26 million compared with the same period in the previous year. On the other hand, net proceeds from the sale of equity participations in the first half of 2013, mainly resulting from the sale of equity participations in Russia and Ukraine, increased € 29 million to € 40 million. The valuation of equity participations – primarily in Slovakia and the Czech Republic – resulted in a loss of € 11 million against minus € 2 million in the comparable period in the previous year.

Net income from derivatives and liabilities dropped € 167 million to minus € 187 million. Contained therein are valuations for credit spreads on own liabilities, which led to an increased valuation loss of € 134 million in the reporting period – € 76 million higher than in the previous year. The partial buyback of hybrid bonds in the comparable period resulted in net income of € 113 million. Net income from the valuation of derivatives entered into for hedging purposes totaled minus € 162 million, against plus € 32 million in the comparable period of the previous year.

Net income from the sale of Group assets fell € 4 million to minus € 6 million year-on-year. The result is connected with the disposal of companies with revenues or assets below the materiality threshold.

Income taxes

Income tax expense fell € 38 million to € 156 million compared with the previous year's period. Deferred taxes reversed from minus € 39 million to plus € 51 million, primarily due to the change in valuation results from own liabilities and derivatives. Current taxes increased 33 per cent, or € 51 million, to minus € 206 million. Due in part to non-allowable tax loss carry-forwards, the tax rate was 33 per cent compared to 21 per cent in the previous year.

Comparison of results with the previous quarter

In € million	Q2/2013	Q1/2013	Change absolute	Change in %
Net interest income	972	865	107	12.3%
Net fee and commission income	411	375	36	9.7%
Net trading income	60	80	(20)	(25.2)%
Other net operating income[1]	(58)	(18)	(40)	221.4%
Operating income	**1,384**	**1,302**	**83**	**6.3%**
Staff expenses	(409)	(406)	(3)	0.8%
Other administrative expenses	(324)	(291)	(33)	11.3%
Depreciation	(96)	(91)	(5)	5.3%
General administrative expenses	**(829)**	**(788)**	**(41)**	**5.2%**
Operating result	**555**	**514**	**42**	**8.1%**
Net provisioning for impairment losses	(249)	(220)	(30)	13.5%
Other results[2]	(90)	(43)	(47)	108.3%
Profit before tax	**216**	**251**	**(35)**	**(13.8)%**
Income taxes	(79)	(77)	(2)	2.5%
Profit after tax	**137**	**174**	**(37)**	**(21.0)%**
Profit attributable to non-controlling interests	(17)	(17)	0	0.9%
Consolidated profit	**120**	**157**	**(37)**	**(23.5)%**

1 Excl. impairment of goodwill.
2 Incl. impairment of goodwill.

Net interest income

Compared to the first quarter of 2013, net interest income rose 12 per cent, or € 107 million, to € 972 million in the second quarter of 2013. The net interest margin (calculated on interest-bearing assets) improved 37 basis points quarter-on-quarter, to 3.25 per cent. The main factors responsible for the improvement were the continued optimization of the liquidity position and a reduction in high-interest customer deposits.

Net fee and commission income

Net fee and commission income rose € 36 million to € 411 million compared to the first quarter of 2013. The most significant increase was reported in net income from the securities business, up € 13 million, due to higher volumes at Group head office and in Hungary; followed by net income from the payment transfer business, up € 12 million. Net income from the foreign currency, notes/coins and precious metals business improved € 7 million, while net income from the loan and guarantee business was up € 4 million.

Net trading income

Compared to the previous quarter, net trading income declined € 20 million to € 60 million. This was triggered by a reduction in currency-based transactions, predominantly in Poland, following a disproportionately high result achieved in the first quarter of 2013. In addition, valuation losses from foreign exchange swaps in Hungary had a negative impact. In contrast, interest-based transactions improved owing to significant valuation gains at Group head office and in the Czech Republic.

Other net operating income

Other net operating income at minus € 58 million in the second quarter of 2013, remained € 40 million down from the previous quarter. The decline was mainly attributable to the higher bank levy in Hungary, which concerns a special payment of € 19 million and a one-off effect of € 20 million from the previously calculated pro rata share of the bank levy.

General administrative expenses

General administrative expenses amounted to € 829 million in the second quarter of 2013, up € 41 million from € 788 million in the previous quarter.

Staff expenses rose less than 1 per cent, or € 3 million, to € 409 million, nearly unchanged.

Compared to the previous quarter, other administrative expenses increased € 33 million, to € 324 million, with the most significant increases in legal, advisory and consulting expenses, as well as advertising, PR and promotional expenses.

Depreciation of tangible and intangible fixed assets grew 5 per cent, or € 5 million, to € 96 million quarter-on-quarter – mainly attributable to higher amortization related to software projects at Group head office.

Net provisioning for impairment losses

Net provisioning for impairment losses totaled € 249 million in the second quarter of 2013, up € 30 million from the previous quarter. Nearly all CEE countries reported an increase, whereas net provisioning in the Group Corporates segment was lower in the second quarter compared to the previous quarter. A number of larger defaults of corporate customers at Group head office had resulted in higher need for net provisioning for impairment losses in the previous quarter.

In the second quarter of 2013, the portfolio of non-performing loans (NPL) to non-banks was down € 92 million to € 8,137 million. This was primarily attributable to currency effects of € 83 million. On a currency-adjusted basis, increases were posted in Central Europe (up € 109 million – predominantly in Poland, Hungary and Slovakia) and in Southeastern Europe (up € 39 million – chiefly in Croatia, Albania and Romania). All other segments reported declines (Group Corporates: down € 78 million, Group Markets: down € 42 million, CIS Other: down € 33 million). The NPL ratio remained constant at 9.9 per cent whereas the NPL coverage ratio fell 0.2 percentage points to 67.3 per cent quarter-on-quarter.

Other results

Other results showed a quarter-on-quarter decline of € 47 million to minus € 90 million.

Net income from financial investments fell from plus € 87 million in the previous quarter to minus € 23 million. The decline was due to a negative valuation result of the fair-value portfolio of securities, lower net proceeds from sales of equity participations, and higher write-downs on participations.

In contrast, net income from derivatives and liabilities improved € 55 million to minus € 66 million compared to the previous quarter. This was mainly attributable to a lower valuation loss on the credit spread for liabilities carried at fair value (a € 30 million decline to minus € 52 million).

Income taxes

Tax expense increased to € 79 million in the second quarter, up from € 77 million in the previous quarter. The tax rate rose 6 percentage points quarter-on-quarter to 36 per cent, due to lower quarterly results and non-tax-deductible losses in Hungary and Slovenia.

Statement of financial position

Compared to the end of 2012, RBI's total assets declined 4 per cent, or € 5.8 billion, to € 130.3 billion. The year-on-year decrease is more pronounced, down 15 per cent, or € 22.4 billion. This is primarily attributable to the ongoing optimization of liquidity.

Assets

In € million	30/6/2013	Share	31/12/2012	Share
Loans and advances to banks (less impairment losses)	21,319	16.4%	22,166	16.3%
Loans and advances to customers (less impairment losses)	76,468	58.7%	77,859	57.2%
Financial investments	18,074	13.9%	16,357	12.0%
Other assets	14,444	11.1%	19,734	14.5%
Total assets	**130,306**	**100.0%**	**136,116**	**100.0%**

Loans and advances to banks after deduction of loan loss provisions decreased € 0.8 billion to € 21.3 billion. At the same time, interbank business – primarily at Group head office – declined € 2.0 billion, in line with the optimization of liquidity, whereas short-term receivables from the giro and clearing business increased € 1.0 billion. Long-term receivables also posted a rise of 10 per cent or € 0.2 billion.

Compared to year-end 2012, loans and advances to customers after deduction of loan loss provisions fell € 1.4 billion to € 76.5 billion, mainly due to a decrease of € 0.8 billion in receivables from repurchase and securities lending transactions. Credit business with corporate customers declined € 1.0 billion, notably in Austria and Asia. In contrast, business with retail customers increased € 0.3 billion, particularly in Russia, while it fell in Poland due also to currency effects.

The item financial investments rose € 1.7 billion to € 18.1 billion, as a result of purchases of highly liquid securities at Group head office. Other assets decreased € 5.3 billion to € 14.4 billion, largely due to a reduction in the cash reserve and in derivatives.

Equity and liabilities

In € million	30/6/2013	Share	31/12/2012	Share
Deposits from banks	27,495	21.1%	30,186	22.2%
Deposits from customers	66,575	51.1%	66,297	48.7%
Own funds	14,275	11.0%	14,810	10.9%
Other liabilities	21,960	16.9%	24,822	18.2%
Total equity and liabilities	**130,306**	**100.0%**	**136,116**	**100.0%**

Refinancing volume of RBI via banks (primarily commercial banks) decreased € 2.7 billion to a total of € 27.5 billion since year-end 2012, due to withdrawals of liquidity reserves in short-term deposits.

In contrast, deposits from customers rose slightly by € 0.3 billion to € 66.6 billion. Whereas short-term deposits from corporate customers (notably at Group head office) grew € 0.6 billion and from the public sector (predominantly in Russia) were up € 0.7 billion, short-term deposits from retail customers fell € 1.0 billion. The largest declines occurred in Poland (down € 0.7 billion), the Czech Republic (down € 0.2 billion), and Hungary (down € 0.2 billion).

Other liabilities decreased € 2.9 billion to € 22 billion. This decrease included a net reduction in debt securities issued by € 1.3 billion, while trading liabilities were reduced by € 2.7 billion, primarily at Group head office.

Funding structure

In € million	30/6/2013	Share	31/12/2012	Share
Customer deposits	66,575	60.5%	66,297	58.3%
Medium- and long-term refinancing	20,805	18.9%	23,097	20.3%
Short-term refinancing	18,725	17.0%	20,379	17.9%
Subordinated liabilities	3,847	3.5%	3,937	3.5%
Total	**109,952**	**100.0%**	**113,711**	**100.0%**

RBI continued to diversify its wholesale funding sources in 2013, actively working with supranational institutions and at the same time also making local funding sources a further priority. Group head office provided a substantial share of the Group units' financing in the second quarter of 2013. RBI continued to cover its funding needs ahead of target.

RBI placed a subordinated benchmark bond on the Swiss market in May. The bond, with a volume of CHF 250 million and a maturity of 10 years, is callable once after five years. It carries a 4 per cent coupon p.a.

Equity

RBI's equity on the statement of financial position, consisting of consolidated equity, consolidated profit and the capital of non-controlling interests, declined 4 per cent, or € 445 million, to € 10,428 million versus year-end 2012. The decline resulted primarily from dividend payments in the amount of € 485 million, of which RBI AG accounted for just under € 429 million. Total comprehensive income was € 16 million and – in addition to profit after tax amounting to € 311 million – consists of the effects of foreign currency developments totaling minus € 261 million, principally due to a 6 per cent depreciation of both the Russian rouble and Polish zloty. In addition, the application of hyperinflation accounting had a positive impact of € 15 million on other comprehensive income. Net income from the portfolio of securities available-for-sale, which essentially arose as a result of the reclassification of realized gains to the income statement, delivered a negative contribution of minus € 34 million, as did net income from cash flow hedges with a negative contribution of minus € 22 million.

Own funds pursuant to the Austrian Banking Act (BWG)

RBI is not an independent credit institution group (Kreditinstitutsgruppe), as defined by the Austrian Banking Act (BWG), therefore is not subject to the regulatory provisions on a consolidated basis since it is part of the RZB credit institution group. The consolidated values shown below have been calculated in accordance with the provisions of the BWG and are assumed in calculation figures of the RZB credit institution group.

As of 30 June 2013, consolidated own funds of RBI pursuant to BWG amounted to € 12,513 million. This represents a decline of € 372 million since year-end 2012, primarily resulting from the negative currency movements of the Russian rouble and Polish zloty. Additional own funds declined € 118 million to € 3,222 million, due to early redemptions, and short-term subordinated capital fell € 23 million to € 279 million.

Own funds stood in contrast to an own funds requirement of € 6,621 million, a decrease of € 5 million. Whereas the own funds requirement for credit risk decreased € 26 million to € 5,425 million, the own funds requirement for position risk in bonds, equities and commodities rose € 37 million to € 310 million, generated by the internal model. In contrast, the own funds requirement for operational risk declined € 22 million to € 823 million.

The excess cover ratio fell 5.5 percentage points to 89.0 per cent, representing an excess cover of € 5,892 million. Based on total risk, the core tier 1 ratio came to 10.4 per cent, with a tier 1 ratio of 10.9 per cent. The own funds ratio declined to 15.1 per cent.

Risk management

Active risk management is a core competence for RBI. In order to effectively identitfy, measure and manage risks, the Group utilizes comprehensive risk management and controlling. This is an integral part of the overall bank management and is continously being developed. RBI's risk control is primarily aimed at ensuring the conscientious handling and professional management of credit and country risks, market and liquidity risks, as well as participation and operational risks.

Loan portfolio strategy

At RBI, several dedicated credit portfolio committees who determine the credit portfolio strategy for the various customer segments, are responsible for the active management of the loan portfolio. Analyses by internal research departments and portfolio management form the basis of the definition of the loan portfolio's lending guidelines and limits. Credit portfolio strategies are regularly adapted to match new market outlooks.

Although reassurances by the ECB have served to calm the European government bond market, loans and advances to governments, municipalities and banks, have remained one of the main focal points of portfolio management in the past quarters. Existing debts were constantly reassessed and – when necessary – limits were reduced. Besides regulatory requirements in RBI's home market, government securities mainly serve to strengthen RBI's liquidity buffer.

In the retail division, the main focus was the expansion of the short-term consumer loan portfolio, supported by selective underwriting policies, as well as the use and wide-ranging coverage of application and behavioral scoring models. The focus of the underwriting process was on the further simplification and automation of decision rules.

Management of non-performing loans was also, once again, one of risk management's main priorities during the reporting period. Targets and measures were aimed at an improved early recognition of potential problem cases, the reporting on progress made in restructuring management at Group level, as well as a quick and efficient reduction of the non-performing loans portfolio.

Liquidity position

RBI's liquidity position remained highly stable in the first half of 2013. In order to manage liquidity risk, RBI applies a long-established and proven limit model that requires high excess liquidity for short-term maturities – based on contractual and historically observed cash inflows and outflows. Limits have also been established for medium and long-term maturities, which, in turn, reduce the effect of a possible refinancing cost increase on RBI's financial results. In addition to the limit model, liquidity stress tests also routinely evaluate the impact of potential market and name crisis scenarios.

RBI's liquidity position is subject to regular monitoring and is included in the RZB Group's weekly report to the Austrian banking supervisory authority.

Regulatory environment – Basel II and III

In the current business year, RBI continues to deal intensively with regulatory developments. Following an agreement among European institutions, Basel III will be implemented in Europe when CRD IV / CRR (Capital Requirements Directive / Regulation) goes into effect on 1 January 2014. The potential impact of these new and amended legal regulations on RBI has been analyzed in-depth. Besides the preparations already initiated in connection with the new Basel III regulations, risk management remains focused on the ongoing, and as wide as possible, implementation of the advanced Basel II approach. RBI uses these specially developed parameters and findings also for internal management information purposes and control measures. Furthermore, it continues to invest in the improvement of its risk management systems.

Outlook

In the context of the expected overall economic developments, particularly in CEE, we are aiming for a return on equity before tax of around 15 per cent in the medium term. This is excluding any capital increases, as well as unexpected regulatory requirements from today's perspective.

In 2013, we aim to maintain loans and advances to customers at the level of the previous year. In the current year we expect a slight increase in the net interest margin. 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.

In light of the economic prospects, the situation remains tense in several of our markets. In 2013, we therefore expect a similar net provisioning requirement as in the previous year.

In 2013, we will once again pay increased attention to cost development. We expect a flat or slightly increasing cost base, particularly due to the first-time full year consolidation of Polbank.

Against the backdrop of a permanently changing regulatory environment and further strengthening of our balance sheet structure we are continuously evaluating the level and structure of our regulatory capital to be able to act promptly and flexibly. Depending on market developments, a capital increase also continues to be a possible option.

Events after the reporting date

Acquisition of loans from Österreichische Volksbanken-AG

Österreichische Volksbanken-AG (VBAG) and the RZB Group concluded contracts in June and July 2013 for the acquisition of loans in two tranches, with credit claims of domestic and international corporate customers to be transferred to the RZB Group.

As part of the negotiations on VBAG's restructuring in February 2012, the RZB Group agreed to take over assets of approximately € 1 billion from VBAG, which should result in own funds relief for VBAG.

Following extensive examination and due diligence, two loan tranches were defined in the nominal amount of € 748 million. RBI AG, which inter alia is responsible for RZB Group's corporate business, will take the loans onto its books in the third quarter.

Buyback of government-guaranteed bond

On 15 July 2013, RBI AG invited the holders of its € 1,500,000,000 notes, with a coupon of 3.625 per cent and due 2014 (ISIN: XS0412067489), which are unconditionally and irrevocably guaranteed by the Republic of Austria, to tender all notes held by them to RBI for repurchase against cash. The tender invitation expired on 23 July 2013. The bank has accepted a total nominal amount of € 562 million of notes for repurchase.

Segment reports

Division of segments

As a rule, RBI's internal management reporting is based on the current organizational structure. This means that each member of the Management Board is responsible for both the individual countries and for specific business activities (country and functional responsibility model). A cash generating unit within the Group is either a country or a business activity. Accordingly, the RBI management bodies – Management Board and Supervisory Board – make key decisions that determine the resources allocated to any given segment based on its financial strength and profitability. This is why these reporting criteria are an essential component in the decision-making process. Thus, the division into segments was also undertaken in accordance with IFRS 8. The reconciliation contains mainly amounts resulting from intra-group results elimination and consolidation between the segments.

The following segments result thereof:

- Central Europe
- Southeastern Europe
- Russia
- CIS Other
- Group Corporates
- Group Markets
- Corporate Center

Segment overview

Despite the ongoing difficult market environment, RBI generated a profit before tax of € 467 million in the first half of 2013. This equates to a decline of 50 per, cent or € 460 million, compared to the same period last year. However, the latter year was largely characterized by one-off effects (€ 272 million). Besides declines in the functional segments as a result of the aforementioned one-off effects, performance varied amongst the regional segments. The CIS region reported growth with profit before tax in the Russia segment up by 4 per cent year-on-year to € 345 million, compared to an increase of 73 per cent to € 94 million in the CIS Other segment. In Central Europe (down 36 per cent) and Southeastern Europe (down19 per cent), however, profit before tax fell short year-on-year. The large corporate business activities within the Group Corporates segment also reported a fall in earnings.

Profit before tax in Central Europe contracted from € 111 million to € 71 million year-on-year despite a decrease in net provisioning for impairment losses. This is mainly attributable to lower income from asset valuations of financial investments and higher administrative expenses stemming from Polbank consolidation. Total assets decreased 7 per cent year-on-year to € 38.4 billion owing to an optimization of liquidity.

Profit before tax in the Southeastern Europe segment declined 19 per cent to € 154 million year-on-year. Three factors contributed to this decline: higher net provisioning for impairment losses in Croatia and Bulgaria, lower income from valuations of financial investments in Croatia, and decline in net interest income. Total assets in the segment were down by € 1 billion to € 21.3 billion compared to same period last year.

Contribution to earnings from the Russia segment was by far the largest in regional terms at profit before tax of € 345 million. The increase of 4 per cent mainly stemmed from an improvement in net income from financial investments and robust net fee and commission income dampened by higher administrative expenses. Total assets in the segment fell by 5 per cent to € 16.2 billion versus the prior-year period.

In the CIS Other segment, profit before tax climbed 73 per cent to € 94 million largely attributable to a rise in net income from financial investments in Ukraine. However, total assets in the segment fell 5 per cent to € 6.2 billion year-on-year.

Profit before tax in the Group Corporates segment fell 45 per cent to € 118 million compared to the same period last year. This was primarily attributable to higher net provisioning for impairment losses on loans and advances.Conversely, interest margins improved significantly. Total assets in the segment fell 6 per cent to € 19.5 billion year-on-year.

Profit before tax in the Group Markets segment also declined by 62 per cent to € 74 million year-on-year, mainly the result of a decline in net income from financial investments, where a one-off effect relating to sales of securities occured last year. Total assets in the segment were down 11 per cent to € 19.5 billion year-on-year.

The Corporate Center segment posted a € 203 million increase in profit before tax to € 534 million, primarily due to higher dividend income within the Group despite a decline in other results as there was also a one-off effect in 2012 related to the buyback of hybrid capital. Total assets in the segment decreased 35 per cent to € 39.9 billion year-on-year owing to optimization of liquidity.

Central Europe

In € million	1/1-30/6 2013	1/1-30/6 2012	Change	Q2/2013	Q1/2013	Change
Operating income	745	742	0.3%	361	384	(5.9)%
General administrative expenses	(517)	(460)	12.5%	(257)	(259)	(0.8)%
Operating result	**228**	**283**	**(19.5)%**	**104**	**124**	**(16.5)%**
Net provisioning for impairment losses	(170)	(199)	(14.8)%	(96)	(74)	30.4%
Other results	13	28	(54.4)%	6	7	(14.7)%
Profit before tax	**71**	**111**	**(36.4)%**	**13**	**57**	**(76.6)%**
Assets	38,358	41,450	(7.5)%	38,358	39,432	(2.7)%
Net interest margin (average interest-bearing assets)	2.87%	2.88%	(0.01) PP	2.98%	2.77%	0.21 PP
Return on equity before tax	**4.3%**	**7.5%**	**(3.2) PP**	**4.1%**	**7.1%**	**(3.0) PP**

In Central Europe, profit before tax decreased 36 per cent year-on-year to € 71 million. This was primarily attributable to the decline in the Czech Republic and Slovakia, in addition to negative earnings contributions from Hungary and Slovenia. Return on equity before tax for the segment fell 3.2 percentage points to 4.3 per cent.

Operating income

Net interest income for the region increased 5 per cent year-on-year to € 534 million. Due to Polbank consolidation, there was an increase of 45 per cent, or € 47 million, in Poland, which fully offset the declines in other countries in this segment. Hungary posted the largest decline with interest income down as a result of reduced credit volumes and lower income from derivative financial instruments, which led to a fall in interest margins. In Slovakia, higher margins due to restructuring of the loan portfolio resulted in a rise in net interest income. In the Czech Republic, decline in retail and corporate customer business had a negative impact. The segment's net interest margin was virtually stable at 2.87 per cent as falling interest margins in Hungary and the Czech Republic were compensated by improved margins in Poland and Slovakia. Total assets were down by 7 per cent or € 3.1 billion year-on-year to € 38.4 billion due to reduced commitment of liquid funds and weak demand for credit. Credit risk-weighted assets also fell 5 per cent from € 22.3 billion to € 21.2 billion.

Net fee and commission income in the segment climbed overall by 15 per cent, or € 36 million, to € 270 million versus the prior-year period. Income from payment transactions grew 16 per cent to € 114 million largely driven by higher fees charged to customers in connection with the financial transaction tax recently introduced in Hungary. Income from securities business rose 53 per cent to € 22 million due to the increase in Hungary. Income from foreign currency, notes/coins and precious metals business grew 9 per cent to € 77 million year-on-year, primarily as a result of the trend in Poland.

Net trading income of the Central Europe segment contracted € 19 million compared to the prior-year period and was at minus € 1 million. Net income from currency-based transactions posted the sharpest decline from plus € 16 million to minus € 17 million year-on-year. There was a particularly significant fall in Poland, where in the previous year there was a one-off gain effect related to business activities of Polbank. In contrast, net income from interest-based transactions rose € 14 million to € 16 million year-on-year. This increase was attributable to net income from the valuation of interest-based derivatives in the Czech Republic and Poland.

Other net operating income for the region dropped from minus € 19 million to minus € 59 million. In particular, bank levies in Slovakia and Hungary and the newly introduced financial transactions tax in Hungary, which was € 61 million higher than same period last year, had a negative € 90 million impact on income. In Hungary, the bank levy balance for 2013 (€ 30 million) was booked upfront in the second quarter for the full year 2013 in line with IFRS standard (IFRIC 21). There was also a one-off payment of € 19 million. The release of a provision for VAT liabilities in Poland provided a positive contribution to other net operating income.

General administrative expenses

General administrative expenses in the Central Europe segment increased 12 per cent to € 517 million year-on-year. This trend is largely attributable to Polbank consolidation and its ongoing operational merger with the structures and systems of Raiffeisen Bank Polska S.A. In the Czech Republic, expenses for deferred bonus payments led to a rise in staff expenses. However, cost reductions were achieved in other countries in this segment. Slovakia posted the strongest decline due to savings in other administrative expenses. The segment's number of business outlets decreased by 70 to 807 year-on-year, largely as a result of the optimization of local presence in Poland. The cost/income ratio for the region climbed 7.5 percentage points to 69.4 per cent.

Net provisioning for impairment losses

At € 170 million, net provisioning for impairment losses in the Central Europe segment was € 29 million lower than in the same period last year. Net allocations to individual loan loss provisions improved € 10 million. In terms of portfolio-based loan loss provisions, there was a net release of € 2 million in the reporting period compared to a net allocation of € 15 million in the same period last year. By country, in Hungary, net provisioning for impairment losses declined € 36 million due to net releases of portfolio-based loan loss provisions, and in Poland, net allocations decreased € 5 million year-on-year. In contrast, net provisioning for impairment losses in Slovenia increased by a total of € 10 million in corporate and retail customer business. The share of non-performing loans for non-banks in the loan portfolio was 11.7 per cent at the end of the reporting period (up 0.8 percentage points year-on-year).

Other results and taxes

Other results of the Central Europe segment declined 54 per cent, or € 15 million, to € 13 million year-on-year. This was mainly attributable to a € 8 million increase in impairments on participations in Slovakia and the Czech Republic as well as a € 4 million decrease in net proceeds from sales of securities, which were largely achieved in Hungary and the Czech Republic a year earlier. Net income from the valuation of the fair-value portfolio of securities in the Central Europe segment remained stable year-on-year, while Hungary posted higher valuation gains from municipal bonds.

Net income from derivative financial instruments in the region also declined. This was mainly attributable to valuation losses from various hedging transactions in order to adjust the interest rate structure in the Czech Republic.

Income tax expense of the segment decreased 25 per cent to € 36 million, while tax rate increased 8 percentage points to 52 per cent. The high tax rate was the result of the situation in Hungary and Slovenia, where incurred losses could not be fully deducted for tax purposes through the recognition of corresponding tax loss carry-forwards. Likewise, tax loss carry-forwards relating to the Polbank consolidation could not be fully utilized due to tax restrictions.

Detailed results of individual countries:

Czech Republic

In € million	1/1-30/6 2013	1/1-30/6 2012	Change	Q2/2013	Q1/2013	Change
Net interest income	121	133	(9.1)%	61	60	2.1%
Net fee and commission income	66	61	8.0%	34	31	9.4%
Net trading income	8	4	136.1%	8	0	>500.0%
Other net operating income	5	2	160.1%	3	2	26.5%
Operating income	**200**	**199**	**0.3%**	**106**	**94**	**13.0%**
General administrative expenses	(115)	(108)	6.6%	(57)	(58)	(1.6)%
Operating result	**85**	**91**	**(7.2)%**	**49**	**36**	**36.5%**
Net provisioning for impairment losses	(19)	(20)	(4.7)%	(12)	(7)	78.5%
Other results	0	8	–	(1)	1	–
Profit before tax	**65**	**78**	**(16.7)%**	**35**	**30**	**18.5%**
Income taxes	(13)	(17)	(26.3)%	(6)	(6)	(2.9)%
Profit after tax	**52**	**61**	**(13.9)%**	**29**	**23**	**24.5%**
Assets	8,265	8,890	(7.0)%	8,265	8,510	(2.9)%
Loans and advances to customers	6,196	6,289	(1.5)%	6,196	6,353	(2.5)%
hereof corporate %	43.9%	42.9%	1.0 PP	43.9%	45.3%	(1.4) PP
hereof retail %	56.0%	56.8%	(0.9) PP	56.0%	54.6%	1.4 PP
hereof foreign currency %	9.7%	7.0%	2.7 PP	9.7%	8.7%	1.0 PP
Deposits from customers	5,752	6,135	(6.2)%	5,752	5,950	(3.3)%
Loan/deposit ratio	108.3%	102.5%	5.8 PP	108.3%	106.8%	1.6 PP
Return on equity before tax	19.1%	26.1%	(7.0) PP	19.8%	17.3%	2.5 PP
Return on equity after tax	15.4%	20.4%	(5.0) PP	16.3%	13.6%	2.7 PP
Cost/income ratio	57.6%	54.2%	3.4 PP	53.9%	61.8%	(8.0) PP
Net interest margin (average interest-bearing assets)	3.09%	3.20%	(0.10) PP	3.20%	3.00%	0.20 PP
Employees as of reporting date	2,994	3,001	(0.2)%	2,994	3,037	(1.4)%
Business outlets	132	131	0.8%	132	129	2.3%
Customers	481,500	485,652	(0.9)%	481,500	484,650	(0.6)%

Hungary

In € million	1/1-30/6 2013	1/1-30/6 2012	Change	Q2/2013	Q1/2013	Change
Net interest income	101	120	(16.2)%	54	47	15.4%
Net fee and commission income	54	38	44.6%	29	26	12.2%
Net trading income	(18)	(19)	(4.3)%	(14)	(4)	298.4%
Other net operating income	(78)	(26)	197.7%	(58)	(20)	192.9%
Operating income	**59**	**113**	**(47.7)%**	**10**	**49**	**(79.4)%**
General administrative expenses	(92)	(96)	(4.8)%	(45)	(47)	(3.3)%
Operating result	**(33)**	**17**	**–**	**(35)**	**2**	**–**
Net provisioning for impairment losses	(73)	(108)	(32.8)%	(37)	(36)	5.0%
Other results	24	16	53.7%	7	17	(60.6)%
Loss before tax	**(81)**	**(76)**	**7.0%**	**(65)**	**(16)**	**316.9%**
Income taxes	(2)	(7)	(75.2)%	3	(4)	–
Loss after tax	**(83)**	**(82)**	**0.4%**	**(63)**	**(20)**	**213.5%**
Assets	6,324	7,392	(14.4)%	6,324	6,802	(7.0)%
Loans and advances to customers	5,324	5,493	(3.1)%	5,324	5,121	4.0%
hereof corporate %	53.2%	54.6%	(1.4) PP	53.2%	56.8%	(3.6) PP
hereof retail %	35.3%	40.1%	(4.8) PP	35.3%	37.2%	(1.9) PP
hereof foreign currency %	65.7%	67.4%	(1.7) PP	65.7%	64.9%	0.8 PP
Deposits from customers	4,368	4,768	(8.4)%	4,368	4,700	(7.0)%
Loan/deposit ratio	121.9%	116.6%	5.3 PP	121.9%	109.2%	12.7 PP
Return on equity before tax	–	–	–	–	–	–
Return on equity after tax	–	–	–	–	–	–
Cost/income ratio	155.1%	85.1%	70.0 PP	447.1%	95.1%	352.0 PP
Net interest margin (average interest-bearing assets)	3.12%	3.42%	(0.31) PP	3.44%	2.85%	0.58 PP
Employees as of reporting date	2,772	2,916	(4.9)%	2,772	2,820	(1.7)%
Business outlets	125	134	(6.7)%	125	125	0.0%
Customers	608,749	639,151	(4.8)%	608,749	615,660	(1.1)%

Poland

In € million	1/1-30/6 2013	1/1-30/6 2012	Change	Q2/2013	Q1/2013	Change
Net interest income	151	104	44.8%	76	76	0.0%
Net fee and commission income	80	69	16.9%	42	38	11.4%
Net trading income	7	20	(65.4)%	(8)	15	–
Other net operating income	19	7	174.1%	16	3	389.0%
Operating income	**258**	**201**	**28.6%**	**126**	**132**	**(4.2)%**
General administrative expenses	(179)	(122)	46.5%	(89)	(90)	(1.5)%
Operating result	**79**	**79**	**0.8%**	**37**	**42**	**(10.1)%**
Net provisioning for impairment losses	(44)	(49)	(9.8)%	(28)	(16)	72.3%
Other results	(2)	0	–	11	(13)	–
Profit before tax	**33**	**30**	**11.4%**	**20**	**13**	**58.3%**
Income taxes	(8)	(7)	19.7%	(4)	(4)	25.3%
Profit after tax	**25**	**23**	**9.1%**	**16**	**9**	**70.8%**
Assets	12,639	13,727	(7.9)%	12,639	13,068	(3.3)%
Loans and advances to customers	9,768	10,588	(7.7)%	9,768	10,057	(2.9)%
hereof corporate %	32.6%	32.0%	0.7 PP	32.6%	32.4%	0.2 PP
hereof retail %	67.3%	68.0%	(0.7) PP	67.3%	67.5%	(0.2) PP
hereof foreign currency %	56.0%	54.9%	1.2 PP	56.0%	54.8%	1.3 PP
Deposits from customers	7,179	8,138	(11.8)%	7,179	7,731	(7.1)%
Loan/deposit ratio	136.1%	130.1%	6.0 PP	136.1%	130.5%	5.6 PP
Return on equity before tax	4.7%	6.0%	(1.3) PP	5.8%	3.6%	2.2 PP
Return on equity after tax	3.5%	4.6%	(1.1) PP	4.5%	2.6%	1.9 PP
Cost/income ratio	69.3%	60.8%	8.5 PP	70.3%	68.4%	1.9 PP
Net interest margin (average interest-bearing assets)	2.43%	2.28%	0.15 PP	2.46%	2.40%	0.06 PP
Employees as of reporting date	6,080	6,218	(2.2)%	6,080	6,134	(0.9)%
Business outlets	370	443	(16.5)%	370	371	(0.3)%
Customers	828,605	935,310	(11.4)%	828,605	847,807	(2.3)%

Slovakia

In € million	1/1-30/6 2013	1/1-30/6 2012	Change	Q2/2013	Q1/2013	Change
Net interest income	150	148	1.5%	77	73	6.7%
Net fee and commission income	66	64	4.0%	35	31	10.8%
Net trading income	2	4	(47.8)%	1	1	125.4%
Other net operating income	(5)	(2)	141.0%	(2)	(3)	(24.2)%
Operating income	**213**	**213**	**0.1%**	**111**	**102**	**9.5%**
General administrative expenses	(121)	(122)	(0.7)%	(61)	(59)	3.4%
Operating result	**93**	**91**	**1.2%**	**50**	**42**	**18.1%**
Net provisioning for impairment losses	(18)	(16)	13.4%	(9)	(9)	(0.3)%
Other results	(7)	4	–	(7)	0	–
Profit before tax	**67**	**79**	**(15.8)%**	**34**	**33**	**0.6%**
Income taxes	(14)	(18)	(20.4)%	(6)	(8)	(25.7)%
Profit after tax	**53**	**61**	**(14.4)%**	**27**	**25**	**9.2%**
Assets	9,637	9,823	(1.9)%	9,637	9,594	0.4%
Loans and advances to customers	6,853	6,650	3.0%	6,853	6,732	1.8%
hereof corporate %	47.8%	50.1%	(2.2) PP	47.8%	48.8%	(0.9) PP
hereof retail %	51.9%	49.7%	2.2 PP	51.9%	51.0%	0.9 PP
hereof foreign currency %	0.6%	1.0%	(0.3) PP	0.6%	0.8%	(0.1) PP
Deposits from customers	7,345	7,325	0.3%	7,345	7,191	2.1%
Loan/deposit ratio	93.3%	90.8%	2.5 PP	93.3%	93.6%	(0.3) PP
Return on equity before tax	14.1%	16.8%	(2.7) PP	13.4%	13.0%	0.4 PP
Return on equity after tax	11.1%	13.0%	(1.9) PP	11.0%	9.8%	1.2 PP
Cost/income ratio	56.6%	57.1%	(0.5) PP	55.0%	58.3%	(3.3) PP
Net interest margin (average interest-bearing assets)	3.32%	3.20%	0.12 PP	3.41%	3.23%	0.19 PP
Employees as of reporting date	3,828	3,819	0.2%	3,828	3,845	(0.4)%
Business outlets	163	152	7.2%	163	163	0.0%
Customers	879,227	818,395	7.4%	879,227	859,019	2.4%

Slovenia

In € million	1/1-30/6 2013	1/1-30/6 2012	Change	Q2/2013	Q1/2013	Change
Net interest income	10	12	(16.5)%	5	5	(1.3)%
Net fee and commission income	4	4	8.3%	2	2	4.1%
Net trading income	0	0	22.0%	0	0	54.4%
Other net operating income	0	0	(69.8)%	0	0	160.1%
Operating income	**15**	**17**	**(11.1)%**	**7**	**7**	**1.7%**
General administrative expenses	(11)	(12)	(8.8)%	(5)	(6)	(3.6)%
Operating result	**4**	**5**	**(17.4)%**	**2**	**2**	**19.2%**
Net provisioning for impairment losses	(15)	(5)	191.1%	(9)	(6)	60.0%
Other results	0	0	(24.6)%	0	0	–
Profit/loss before tax	**(11)**	**0**	**>500.0%**	**(7)**	**(4)**	**84.3%**
Income taxes	0	0	>500.0%	0	0	376.8%
Profit/loss after tax	**(11)**	**0**	**>500.0%**	**(7)**	**(4)**	**82.0%**
Assets	1,502	1,629	(7.7)%	1,502	1,468	2.4%
Loans and advances to customers	1,157	1,269	(8.8)%	1,157	1,208	(4.3)%
hereof corporate %	62.0%	62.1%	(0.1) PP	62.0%	62.6%	(0.6) PP
hereof retail %	31.2%	31.6%	(0.4) PP	31.2%	30.9%	0.3 PP
hereof foreign currency %	4.6%	5.5%	(0.9) PP	4.6%	4.7%	(0.1) PP
Deposits from customers	404	467	(13.5)%	404	380	6.4%
Loan/deposit ratio	286.4%	271.9%	14.5 PP	286.4%	318.3%	(31.9) PP
Return on equity before tax	–	–	–	–	–	–
Return on equity after tax	–	–	–	–	–	–
Cost/income ratio	74.7%	72.8%	1.9 PP	72.8%	76.7%	(4.0) PP
Net interest margin (average interest-bearing assets)	1.46%	1.56%	(0.09) PP	1.50%	1.45%	0.04 PP
Employees as of reporting date	264	326	(19.0)%	264	276	(4.3)%
Business outlets	17	17	0.0%	17	17	0.0%
Customers	66,019	67,718	(2.5)%	66,019	66,404	(0.6)%

Southeastern Europe

In € million	1/1-30/6 2013	1/1-30/6 2012	Change	Q2/2013	Q1/2013	Change
Operating income	635	647	(1.7)%	324	312	3.8%
General administrative expenses	(343)	(342)	0.2%	(176)	(166)	6.0%
Operating result	**293**	**305**	**(3.9)%**	**147**	**145**	**1.3%**
Net provisioning for impairment losses	(149)	(128)	16.2%	(86)	(63)	36.8%
Other results	10	12	(20.2)%	(2)	12	–
Profit before tax	**154**	**189**	**(18.6)%**	**59**	**95**	**(37.3)%**
Assets	21,330	22,292	(4.3)%	21,330	21,411	(0.4)%
Net interest margin (average interest-bearing assets)	4.28%	4.30%	(0.02) PP	4.39%	4.20%	0.19 PP
Return on equity before tax	**14.9%**	**18.1%**	**(3.2) PP**	**11.2%**	**17.3%**	**(6.1) PP**

In Southeastern Europe, profit before tax declined 19 per cent year-on-year to € 154 million. Decreases in net interest income and higher net provisioning for impairment losses impacted negatively on profit. Return on equity before tax fell 3.2 percentage points to 14.9 per cent.

Operating income

The segment's net interest income fell 6 per cent, or € 27 million, year-on-year to € 424 million, which was attributable to declines in almost all of the region's countries, in particular Romania and Bulgaria. The reasons for Romania were lower market interest rates and declining interest income from securities. In Bulgaria, the maturing of portions of the corporate loan portfolio and considerably lower market interest rates resulted in a decrease in net interest income. However, the segment's net interest margin remained stable at 4.28 per cent (down 2 basis points), due to margin improvements on the asset side and lower interest expenses for customer deposits in Serbia. Total assets decreased 4 per cent to € 21.3 billion year-on-year, while credit risk-weighted assets declined 2 per cent to € 13.0 billion.

In contrast, net fee and commission income rose 6 per cent, or € 9 million, to € 161 million. Income from payment transfer business increased 6 per cent year-on year and again delivered the largest contribution at € 90 million. Income from foreign currency, notes/coins and precious metals business remained stable at € 32 million year-on-year, of which more than one half of the income was earned in Romania. Income from loan and guarantee business decreased 12 per cent to € 10 million foremostly as a result of volumes in Serbia and Croatia. In Romania, in contrast, income earned was considerably higher due to successfully implemented repricing measures.

Net trading income for the Southeastern Europe segment improved 5 per cent year-on-year to € 28 million. A decline in income from interest-based transactions was more than offset by higher net income from currency-based transactions. This reduction in income from interest-based transactions was mainly the result of performance in Croatia, where lower spreads had led to higher valuation gains from bonds in the trading portfolio in the previous year. During the reporting period, changes in the market environment caused RBI to pursue a more defensive strategy. The rise in net income from currency-based transactions was largely the result of positive market valuations of forward exchange contracts as a result of currency appreciation in Romania and Serbia.

Other net operating income increased € 5 million to € 22 million year-on-year. The rise mainly reflected the better result from operating leasing in Romania and disposals of fixed assets.

General administrative expenses

The segment's general administrative expenses remained stable year-on-year at € 343 million, as did staff expenses at € 148 million. The € 4 million rise in other administrative expenses to € 150 million was primarily due to higher IT expenses, mostly in Romania. Depreciation decreased 7 per cent, or € 3 million, to € 44 million, mainly as a result of lower depreciation on tangible fixed and leased assets in Croatia. The cost/income ratio rose 1.1 percentage points to 53.9 per cent.

Net provisioning for impairment losses

Net provisioning for impairment losses in the segment increased 16 per cent, or € 21 million, to € 149 million year-on-year. Individual loan loss provisions increased 9 per cent, or € 13 million, to € 153 million. The rise of 79 per cent in Croatia was especially high with net provisioning for impairment losses of € 18 million for corporate and retail customers. In the case of portfolio-based loan loss provisions, there were net releases of € 3 million compared to € 12 million in the same prior-year period. Serbia, Romania and Bulgaria were mainly responsible for the net releases in the previous year. The share of non-performing loans to non-banks increased 1.1 percentage points to 13.4 per cent.

Other results and taxes

Other results in the segment fell € 2 million to € 10 million year-on-year. The reason for the drop was a gain from the sale of shares in equity participations in the amount of € 7 million in the same period last year in Croatia, Serbia and Bosnia and Herzegovina. In the reporting period, a loss of € 2 million arose from the sale of securities, whereas in the same period of the previous year, the sale of securities had resulted in a gain of € 4 million. In contrast, the valuation gain on securities increased – majority from government bonds in Romania, where yields fell.

Net income from derivatives reversed from a loss of € 4 million in the same period of the previous year to a gain of € 5 million, which was largely attributable to positive valuation results of interest rate swaps in Croatia.

Income taxes for the region declined 62 per cent year-on-year to € 9 million, while the tax rate fell 7 percentage points to 6 per cent due to a one-off effect in Romania.

Detailed results of individual countries:

Albania

In € million	1/1-30/6 2013	1/1-30/6 2012	Change	Q2/2013	Q1/2013	Change
Net interest income	37	42	(10.3)%	19	18	4.0%
Net fee and commission income	5	4	33.7%	2	2	3.0%
Net trading income	10	8	25.7%	6	5	13.7%
Other net operating income	1	0	–	1	1	6.2%
Operating income	**54**	**53**	**0.9%**	**28**	**26**	**5.8%**
General administrative expenses	(20)	(19)	2.4%	(11)	(9)	29.3%
Operating result	**34**	**34**	**0.1%**	**16**	**17**	**(5.8)%**
Net provisioning for impairment losses	(11)	(6)	76.0%	(7)	(4)	76.1%
Other results	0	0	–	0	0	–
Profit before tax	**23**	**28**	**(17.2)%**	**9**	**13**	**(30.3)%**
Income taxes	(2)	(3)	(19.9)%	(1)	(1)	(26.6)%
Profit after tax	**20**	**25**	**(16.9)%**	**8**	**12**	**(30.7)%**
Assets	2,181	2,356	(7.4)%	2,181	2,238	(2.5)%
Loans and advances to customers	928	977	(5.0)%	928	955	(2.8)%
hereof corporate %	68.6%	67.3%	1.3 PP	68.6%	69.0%	(0.4) PP
hereof retail %	31.4%	32.7%	(1.3) PP	31.4%	31.0%	0.4 PP
hereof foreign currency %	65.0%	67.5%	(2.6) PP	65.0%	65.2%	(0.2) PP
Deposits from customers	1,920	2,085	(7.9)%	1,920	1,970	(2.5)%
Loan/deposit ratio	48.3%	46.9%	1.5 PP	48.3%	48.5%	(0.1) PP
Return on equity before tax	22.8%	29.6%	(6.8) PP	17.2%	25.7%	(8.6) PP
Return on equity after tax	20.5%	26.4%	(6.0) PP	15.3%	23.1%	(7.8) PP
Cost/income ratio	36.8%	36.3%	0.5 PP	40.4%	33.0%	7.3 PP
Net interest margin (average interest-bearing assets)	3.98%	4.19%	(0.21) PP	4.14%	3.84%	0.30 PP
Employees as of reporting date	1,386	1,419	(2.3)%	1,386	1,394	(0.6)%
Business outlets	105	105	0.0%	105	105	0.0%
Customers	722,839	683,625	5.7%	722,839	710,610	1.7%

Bosnia and Herzegovina

In € million	1/1-30/6 2013	1/1-30/6 2012	Change	Q2/2013	Q1/2013	Change
Net interest income	36	36	(0.6)%	18	17	5.3%
Net fee and commission income	15	15	(1.5)%	7	8	(7.1)%
Net trading income	1	1	122.6%	1	0	242.8%
Other net operating income	2	0	>500.0%	1	1	(21.9)%
Operating income	**53**	**52**	**3.5%**	**27**	**26**	**3.3%**
General administrative expenses	(29)	(30)	(2.4)%	(15)	(14)	8.8%
Operating result	**24**	**22**	**11.6%**	**12**	**12**	**(2.9)%**
Net provisioning for impairment losses	(6)	(11)	(42.0)%	(4)	(3)	41.4%
Other results	0	2	–	0	0	–
Profit before tax	**18**	**13**	**39.9%**	**8**	**10**	**(21.2)%**
Income taxes	(2)	(1)	35.3%	(1)	(1)	(22.6)%
Profit after tax	**16**	**11**	**40.4%**	**7**	**9**	**(21.0)%**
Assets	1,985	2,031	(2.3)%	1,985	1,959	1.3%
Loans and advances to customers	1,279	1,310	(2.4)%	1,279	1,245	2.7%
hereof corporate %	39.2%	41.9%	(2.7) PP	39.2%	38.9%	0.3 PP
hereof retail %	60.0%	57.5%	2.5 PP	60.0%	60.2%	(0.2) PP
hereof foreign currency %	73.1%	75.4%	(2.3) PP	73.1%	74.3%	(1.2) PP
Deposits from customers	1,541	1,557	(1.0)%	1,541	1,506	2.3%
Loan/deposit ratio	83.0%	84.1%	(1.1) PP	83.0%	82.7%	0.3 PP
Return on equity before tax	14.7%	10.4%	4.3 PP	12.4%	15.9%	(3.5) PP
Return on equity after tax	13.2%	9.3%	3.9 PP	11.2%	14.3%	(3.1) PP
Cost/income ratio	54.5%	57.8%	(3.3) PP	55.9%	53.1%	2.8 PP
Net interest margin (average interest-bearing assets)	3.87%	3.64%	0.23 PP	3.97%	3.78%	0.19 PP
Employees as of reporting date	1,510	1,552	(2.7)%	1,510	1,511	(0.1)%
Business outlets	98	98	0.0%	98	98	0.0%
Customers	488,254	496,347	(1.6)%	488,254	490,460	(0.4)%

Bulgaria

In € million	1/1-30/6 2013	1/1-30/6 2012	Change	Q2/2013	Q1/2013	Change
Net interest income	64	72	(11.7)%	34	30	9.9%
Net fee and commission income	18	18	1.8%	10	9	7.9%
Net trading income	1	2	(56.4)%	0	1	(57.8)%
Other net operating income	0	0	–	0	0	40.2%
Operating income	**84**	**93**	**(9.4)%**	**44**	**40**	**8.5%**
General administrative expenses	(45)	(46)	(2.9)%	(23)	(22)	3.3%
Operating result	**39**	**46**	**(15.9)%**	**21**	**18**	**14.8%**
Net provisioning for impairment losses	(32)	(29)	8.5%	(17)	(15)	13.4%
Other results	(1)	0	214.7%	0	0	20.5%
Profit before tax	**7**	**17**	**(60.1)%**	**4**	**3**	**21.0%**
Income taxes	0	(1)	(70.4)%	0	0	(64.5)%
Profit after tax	**6**	**16**	**(59.1)%**	**4**	**3**	**30.8%**
Assets	3,373	3,820	(11.7)%	3,373	3,464	(2.6)%
Loans and advances to customers	2,711	2,901	(6.6)%	2,711	2,812	(3.6)%
hereof corporate %	44.6%	44.5%	0.1 PP	44.6%	45.7%	(1.2) PP
hereof retail %	54.9%	55.0%	(0.1) PP	54.9%	53.7%	1.2 PP
hereof foreign currency %	73.0%	76.2%	(3.2) PP	73.0%	74.7%	(1.8) PP
Deposits from customers	2,110	2,216	(4.8)%	2,110	2,152	(1.9)%
Loan/deposit ratio	128.4%	130.9%	(2.5) PP	128.4%	130.7%	(2.2) PP
Return on equity before tax	2.7%	6.9%	(4.1) PP	3.0%	2.5%	0.5 PP
Return on equity after tax	2.6%	6.3%	(3.7) PP	2.9%	2.2%	0.7 PP
Cost/income ratio	53.6%	50.1%	3.6 PP	52.4%	55.0%	(2.6) PP
Net interest margin (average interest-bearing assets)	3.85%	4.10%	(0.25) PP	4.07%	3.66%	0.42 PP
Employees as of reporting date	3,070	3,151	(2.6)%	3,070	3,034	1.2%
Business outlets	181	184	(1.6)%	181	182	(0.5)%
Customers	733,506	786,667	(6.8)%	733,506	795,039	(7.7)%

Croatia

In € million	1/1-30/6 2013	1/1-30/6 2012	Change	Q2/2013	Q1/2013	Change
Net interest income	73	78	(6.5)%	37	36	3.7%
Net fee and commission income	26	27	(4.9)%	12	14	(9.3)%
Net trading income	7	13	(50.0)%	5	2	190.4%
Other net operating income	13	16	(16.6)%	6	7	(8.0)%
Operating income	**118**	**133**	**(11.6)%**	**60**	**58**	**4.7%**
General administrative expenses	(66)	(69)	(4.4)%	(33)	(33)	(1.9)%
Operating result	**52**	**64**	**(19.3)%**	**28**	**24**	**13.8%**
Net provisioning for impairment losses	(40)	(23)	78.2%	(25)	(15)	70.1%
Other results	2	(2)	–	1	1	(50.5)%
Profit before tax	**13**	**40**	**(66.3)%**	**3**	**11**	**(73.8)%**
Income taxes	(3)	(8)	(64.8)%	(1)	(2)	(74.8)%
Profit after tax	**11**	**32**	**(66.7)%**	**2**	**8**	**(73.6)%**
Assets	5,047	5,159	(2.2)%	5,047	4,948	2.0%
Loans and advances to customers	3,581	3,710	(3.5)%	3,581	3,498	2.4%
hereof corporate %	42.1%	41.0%	1.1 PP	42.1%	39.6%	2.5 PP
hereof retail %	48.6%	48.3%	0.3 PP	48.6%	49.5%	(0.9) PP
hereof foreign currency %	62.9%	65.4%	(2.5) PP	62.9%	62.1%	0.8 PP
Deposits from customers	2,984	2,965	0.6%	2,984	2,870	4.0%
Loan/deposit ratio	119.6%	124.4%	(4.8) PP	119.6%	121.6%	(2.0) PP
Return on equity before tax	3.7%	10.5%	(6.8) PP	1.5%	5.7%	(4.2) PP
Return on equity after tax	3.0%	8.5%	(5.5) PP	1.2%	4.6%	(3.4) PP
Cost/income ratio	56.2%	52.0%	4.2 PP	54.4%	58.0%	(3.6) PP
Net interest margin (average interest-bearing assets)	3.33%	3.18%	0.15 PP	3.40%	3.28%	0.12 PP
Employees as of reporting date	2,050	2,070	(1.0)%	2,050	2,063	(0.6)%
Business outlets	76	79	(3.8)%	76	79	(3.8)%
Customers	475,235	487,323	(2.5)%	475,235	475,925	(0.1)%

Kosovo

In € million	1/1-30/6 2013	1/1-30/6 2012	Change	Q2/2013	Q1/2013	Change
Net interest income	19	20	(1.6)%	10	9	10.5%
Net fee and commission income	4	4	(4.0)%	2	2	16.1%
Net trading income	0	0	124.1%	0	0	–
Other net operating income	0	0	–	0	0	(52.0)%
Operating income	**23**	**24**	**(2.1)%**	**12**	**11**	**10.2%**
General administrative expenses	(12)	(13)	(8.3)%	(6)	(6)	5.7%
Operating result	**11**	**10**	**5.7%**	**6**	**5**	**15.4%**
Net provisioning for impairment losses	(2)	(3)	(22.9)%	(1)	(1)	(7.1)%
Other results	0	0	(31.8)%	0	0	29.9%
Profit before tax	**9**	**8**	**15.5%**	**5**	**4**	**22.9%**
Income taxes	(1)	(1)	9.0%	(1)	0	32.3%
Profit after tax	**8**	**7**	**16.3%**	**4**	**4**	**21.9%**
Assets	624	635	(1.8)%	624	628	(0.8)%
Loans and advances to customers	462	428	8.0%	462	444	4.0%
hereof corporate %	39.8%	34.5%	5.3 PP	39.8%	39.0%	0.8 PP
hereof retail %	60.2%	65.5%	(5.3) PP	60.2%	61.0%	(0.8) PP
hereof foreign currency %	0.0%	0.0%	0.0 PP	0.0%	0.0%	0.0 PP
Deposits from customers	500	521	(4.1)%	500	508	(1.6)%
Loan/deposit ratio	92.4%	82.2%	10.3 PP	92.4%	87.5%	5.0 PP
Return on equity before tax	19.1%	17.7%	1.3 PP	19.7%	17.1%	2.6 PP
Return on equity after tax	17.0%	15.8%	1.3 PP	17.5%	15.4%	2.1 PP
Cost/income ratio	52.1%	55.7%	(3.5) PP	51.1%	53.3%	(2.2) PP
Net interest margin (average interest-bearing assets)	6.19%	6.08%	0.11 PP	6.56%	5.87%	0.69 PP
Employees as of reporting date	704	708	(0.6)%	704	698	0.9%
Business outlets	52	54	(3.7)%	52	52	0.0%
Customers	243,527	262,318	(7.2)%	243,527	258,799	(5.9)%

Romania

In € million	1/1-30/6 2013	1/1-30/6 2012	Change	Q2/2013	Q1/2013	Change
Net interest income	141	159	(11.3)%	69	72	(3.7)%
Net fee and commission income	75	67	13.2%	39	36	7.1%
Net trading income	8	4	79.4%	1	6	(81.6)%
Other net operating income	3	0	>500.0%	3	1	234.4%
Operating income	**227**	**230**	**(1.2)%**	**112**	**115**	**(3.1)%**
General administrative expenses	(134)	(127)	5.2%	(69)	(65)	7.1%
Operating result	**93**	**103**	**(9.1)%**	**43**	**51**	**(16.0)%**
Net provisioning for impairment losses	(48)	(49)	(2.8)%	(27)	(21)	26.3%
Other results	7	4	52.8%	0	6	(92.5)%
Profit before tax	**52**	**58**	**(9.8)%**	**16**	**36**	**(54.3)%**
Income taxes	4	(8)	–	9	(6)	–
Profit after tax	**56**	**49**	**13.0%**	**26**	**30**	**(14.2)%**
Assets	6,252	6,401	(2.3)%	6,252	6,370	(1.8)%
Loans and advances to customers	4,244	4,223	0.5%	4,244	4,195	1.2%
hereof corporate %	34.4%	35.4%	(1.0) PP	34.4%	34.6%	(0.2) PP
hereof retail %	62.6%	62.3%	0.3 PP	62.6%	62.6%	0.0 PP
hereof foreign currency %	52.9%	55.3%	(2.4) PP	52.9%	54.1%	(1.2) PP
Deposits from customers	3,983	3,692	7.9%	3,983	3,995	(0.3)%
Loan/deposit ratio	106.6%	114.4%	(7.8) PP	106.6%	105.0%	1.6 PP
Return on equity before tax	19.3%	23.5%	(4.2) PP	10.9%	25.0%	(14.2) PP
Return on equity after tax	20.7%	20.1%	0.6 PP	17.1%	21.0%	(3.9) PP
Cost/income ratio	58.9%	55.4%	3.6 PP	61.9%	56.0%	5.9 PP
Net interest margin (average interest-bearing assets)	4.67%	5.23%	(0.56) PP	4.54%	4.83%	(0.29) PP
Employees as of reporting date	5,246	5,821	(9.9)%	5,246	5,393	(2.7)%
Business outlets	526	541	(2.8)%	526	526	0.0%
Customers	2,004,802	1,961,283	2.2%	2,004,802	1,981,086	1.2%

Serbia

In € million	1/1-30/6 2013	1/1-30/6 2012	Change	Q2/2013	Q1/2013	Change
Net interest income	55	45	21.3%	30	25	23.0%
Net fee and commission income	17	17	0.4%	9	8	9.4%
Net trading income	1	(2)	–	0	1	(86.7)%
Other net operating income	4	2	56.1%	2	2	14.2%
Operating income	**77**	**63**	**22.1%**	**41**	**36**	**15.7%**
General administrative expenses	(37)	(37)	(0.1)%	(19)	(18)	5.6%
Operating result	**40**	**26**	**54.3%**	**22**	**18**	**26.1%**
Net provisioning for impairment losses	(9)	(6)	38.8%	(5)	(4)	26.3%
Other results	2	8	(77.5)%	(3)	4	–
Profit before tax	**32**	**27**	**20.1%**	**15**	**18**	**(19.3)%**
Income taxes	(4)	(2)	118.3%	(2)	(2)	(12.8)%
Profit after tax	**28**	**25**	**12.9%**	**13**	**16**	**(20.2)%**
Assets	1,922	1,952	(1.5)%	1,922	1,849	4.0%
Loans and advances to customers	1,213	1,241	(2.3)%	1,213	1,195	1.5%
hereof corporate %	51.9%	55.2%	(3.3) PP	51.9%	51.2%	0.6 PP
hereof retail %	45.6%	42.0%	3.7 PP	45.6%	45.8%	(0.2) PP
hereof foreign currency %	69.9%	72.0%	(2.1) PP	69.9%	72.0%	(2.1) PP
Deposits from customers	1,117	1,052	6.2%	1,117	1,097	1.9%
Loan/deposit ratio	108.5%	117.9%	(9.4) PP	108.5%	109.0%	(0.4) PP
Return on equity before tax	13.8%	11.6%	2.1 PP	11.6%	15.1%	(3.5) PP
Return on equity after tax	12.0%	10.8%	1.2 PP	10.1%	13.3%	(3.2) PP
Cost/income ratio	48.5%	59.2%	(10.8) PP	46.4%	50.8%	(4.4) PP
Net interest margin (average interest-bearing assets)	6.13%	4.62%	1.52 PP	6.75%	5.60%	1.15 PP
Employees as of reporting date	1,753	1,761	(0.5)%	1,753	1,757	(0.2)%
Business outlets	86	84	2.4%	86	86	0.0%
Customers	571,677	517,591	10.4%	571,677	561,702	1.8%

Russia

In € million	1/1-30/6 2013	1/1-30/6 2012	Change	Q2/2013	Q1/2013	Change
Operating income	575	555	3.7%	293	283	3.6%
General administrative expenses	(265)	(238)	11.2%	(140)	(125)	12.2%
Operating result	**311**	**317**	**(2.0)%**	**153**	**158**	**(3.3)%**
Net provisioning for impairment losses	7	15	(52.1)%	(7)	15	–
Other results	27	0	>500.0%	1	26	(96.2)%
Profit before tax	**345**	**332**	**3.7%**	**146**	**198**	**(26.2)%**
Assets	16,208	17,041	(4.9)%	16,208	16,187	0.1%
Net interest margin (average interest-bearing assets)	4.90%	5.20%	(0.30) PP	4.75%	5.12%	(0.37) PP
Return on equity before tax	**41.9%**	**43.4%**	**(1.4) PP**	**35.6%**	**48.1%**	**(12.5) PP**

In Russia, profit before tax rose 4 per cent to € 345 million year-on-year. The sale of equity participations resulted in improved net income from financial investments, which more than offset the slight decline in operating result. Return on equity before tax fell 1.4 percentage points to 41.9 per cent.

Operating income

Net interest income in Russia increased 1 per cent, or € 3 million, year-on-year to € 365 million. The growth in interest income from customer loans was a result of higher volumes and above all lower interest expenses for customer deposits, both together exceeded the decline in interest income from derivative financial instruments used for foreign currency denominated loan exposure hedges. The segment reported a year-on-year decline in its net interest margin of 30 basis points to 4.90 per cent, due to lower interest income from derivatives. Total assets fell 5 per cent to € 16.2 billion as a result of a considerable liquidity optimization. However, as lending volume rose 5 per cent, mostly in the retail segment, credit risk-weighted assets increased slightly by 1 per cent to € 10.2 billion.

Net fee and commission income rose considerably by 15 per cent, or € 21 million, year-on-year to € 155 million. The biggest income growth came from loan and guarantee business as well as payment transfer business. Income from loan and guarantee business increased € 15 million to € 51 million, driven by higher volumes in new retail business and a one-off item – early repayment of a syndicated loan. Income from payment transfer business was up € 6 million to € 54 million driven by higher volume, primarily from credit card business.

Net trading income was comparable to last year at € 55 million. While net income from interest-based transactions fell € 13 million to minus € 2 million due to valuation losses, net income from currency-based transactions rose € 12 million to € 57 million. The increase in the latter was due to valuation gains from foreign currency derivatives.

General administrative expenses

The segment's general administrative expenses increased overall by 11 per cent, or € 27 million, to € 265 million. This was mainly attributable to a rise in staff expenses (up € 17 million) due to salary increases at year-end 2012 and growth of more than 4 per cent in the number of staff. Other administrative expenses increased € 3 million owing to higher advertising and IT expenses, which were offset by lower communication expenses and legal, advisory and consulting expenses. Depreciation was up by € 6 million, which was attributable entirely to impairments in respect of branch buildings. The number of business outlets fell slightly by 3 to 190 year-on-year. Because the rise in general administrative expenses surpassed that of the segment's operating income, the cost/income ratio increased 3.1 percentage points to 46.0 per cent.

Net provisioning for impairment losses

There continued to be a net release of provisions for impairment losses amounting to € 7 million in the reporting period, albeit lower than in the previous year. A net release of loan loss provisions of € 10 million was possible due to sales of receivables, the updated valuation of corporate customer's collateral and improved performance in retail customers. On the other hand, an expansion in lending volumes and developments in the USD/EUR exchange rate required a net allocation of € 3 million for portfolio-based loan loss provisions. The share of non-performing loans in the loan portfolio for the segment decreased 1.3 percentage points to 4.5 per cent year-on-year.

Other results and taxes

Other results in the Russia segment improved € 26 million to € 27 million year-on-year. Net income from financial investments increased to € 25 million, largely as a result of the sale of equity participations. Net income from derivative financial instruments remained unchanged at € 2 million and resulted from interest rate swap transactions used to mitigate interest rate structure risk.

The segment's income taxes rose 14 per cent to € 88 million as a result of higher non-deductible expenses, while the tax rate increased 2 percentage points to 25 per cent.

Russia

The table below provides an overview of the country results for Russia. Any discrepancies with regard to values specified for the Russia segment are the result of equity being allocated differently. The figures in the country overview are based on equity reported on the statement of financial positions; while at the segment level equity is based on the actual equity used.

In € million	1/1-30/6 2013	1/1-30/6 2012	Change	Q2/2013	Q1/2013	Change
Net interest income	365	362	0.9%	184	182	1.1%
Net fee and commission income	155	135	15.3%	86	69	24.2%
Net trading income	55	56	(2.0)%	24	31	(20.6)%
Other net operating income	0	2	–	(1)	1	–
Operating income	**575**	**555**	**3.7%**	**293**	**283**	**3.6%**
General administrative expenses	(265)	(238)	11.2%	(140)	(125)	12.2%
Operating result	**311**	**317**	**(2.0)%**	**153**	**158**	**(3.3)%**
Net provisioning for impairment losses	7	15	(52.1)%	(7)	15	–
Other results	27	0	>500.0%	1	26	(96.2)%
Profit before tax	**345**	**332**	**3.7%**	**146**	**198**	**(26.2)%**
Income taxes	(88)	(77)	13.9%	(45)	(43)	5.8%
Profit after tax	**257**	**255**	**0.7%**	**101**	**156**	**(35.0)%**
Assets	16,208	17,041	(4.9)%	16,208	16,187	0.1%
Loans and advances to customers	9,935	9,492	4.7%	9,935	10,101	(1.6)%
hereof corporate %	59.1%	68.6%	(9.5) PP	59.1%	62.7%	(3.7) PP
hereof retail %	40.9%	31.4%	9.5 PP	40.9%	37.2%	3.7 PP
hereof foreign currency %	36.5%	52.7%	(16.2) PP	36.5%	42.2%	(5.7) PP
Deposits from customers	10,437	10,625	(1.8)%	10,437	10,447	(0.1)%
Loan/deposit ratio	95.2%	89.3%	5.8 PP	95.2%	96.7%	(1.5) PP
Return on equity before tax	34.3%	36.0%	(1.7) PP	25.9%	35.5%	(9.6) PP
Return on equity after tax	25.5%	27.6%	(2.1) PP	17.9%	27.9%	(10.0) PP
Cost/income ratio	46.0%	42.9%	3.1 PP	47.8%	44.1%	3.7 PP
Net interest margin (average interest-bearing assets)	4.90%	5.20%	(0.30) PP	4.75%	5.12%	(0.37) PP
Employees as of reporting date	8,358	8,015	4.3%	8,358	8,200	1.9%
Business outlets	190	193	(1.6)%	190	189	0.5%
Customers	2,431,687	2,283,450	6.5%	2,431,687	2,335,420	4.1%

CIS Other

In € million	1/1-30/6 2013	1/1-30/6 2012	Change	Q2/2013	Q1/2013	Change
Operating income	293	299	(2.1)%	156	137	14.0%
General administrative expenses	(180)	(182)	(1.2)%	(90)	(90)	(0.5)%
Operating result	**113**	**117**	**(3.6)%**	**66**	**47**	**42.1%**
Net provisioning for impairment losses	(57)	(50)	13.9%	(32)	(25)	25.7%
Other results	39	(12)	–	6	32	(80.1)%
Profit before tax	**94**	**55**	**72.6%**	**41**	**54**	**(23.8)%**
Assets	6,213	6,518	(4.7)%	6,213	6,349	(2.1)%
Net interest margin (average interest-bearing assets)	6.86%	7.10%	(0.24) PP	7.13%	6.59%	0.55 PP
Return on equity before tax	**22.1%**	**13.9%**	**8.2 PP**	**19.1%**	**25.1%**	**(6.0) PP**

In the CIS Other segment, profit before tax increased 73 per cent year-on-year to € 94 million mainly due to higher income from financial investments. The segment's return on equity before tax therefore rose 8.2 percentage points to 22.1 per cent.

Operating income

The segment's net interest income declined overall by 8 per cent, or € 16 million, to € 195 million. This was mainly due to the 14 per cent drop in net interest income in Ukraine to € 152 million as a result of lower credit volume from retail and corporate customers and decreasing interest income from securities. In Belarus, in contrast, higher lending volume and increased margins led to an increasein net interest income of 27 per cent to € 42 million. The segment's total assets declined 5 per cent to € 6.2 billion. Despite the decrease of largely impaired loans,credit risk-weighted assets increased 3 per cent to € 5.5 billion due to higher-weighted new loans. The segment's net interest margin decreased 24 basis points to 6.86 per cent.

Net fee and commission income in the segment climbed 5 per cent year-on-year to € 101 million, with income from the payment transfer business, which increased 9 per cent to € 76 million, still making the largest contribution. This increase was achieved mainly from higher number of transactions in Ukraine and Belarus.

Net trading income in the segment improved year-on-year from minus € 6 million to minus € 1 million. Valuation gains from bonds in Ukraine led to € 2 million additional net income from interest-based transactions. In Belarus net income from currency-based transactions increased as a result of lower valuation losses on a strategic foreign currency position that is held to hedge equity.

Other net operating income in the segment declined year-on-year to minus € 3 million due to several small expense and income items.

General administrative expenses

Compared to the same period last year, general administrative expenses declined € 2 million to € 180 million. Ukraine achieved total cost reductions of € 8 million supported by a slight depreciation of the US-dollar against the Ukrainian hryvnia. These savings mainly stemmed from a reduction in staff expenses as a result of headcount reduction (down € 5 million) and a € 2 million lower depreciation on tangible assets as a result of reduced IT investment. In contrast, general administrative expenses in Belarus were up by € 5 million, of which € 4 million was due to inflation-index-based staff expenses and salary increases agreed in the previous year. The cost/income ratio in the segment increased 0.6 percentage points to 61.4 per cent.

Net provisioning for impairment losses

The region's net provisioning for impairment losses climbed 14 per cent year-on-year to € 57 million. At € 58 million net provisioning for impairment losses in Ukraine was € 10 million higher year-on-year. This increase was primarily because of lower valuation of retail customers' collateral. In Belarus, there was no net provisioning for impairment losses. The share of non-performing loans in the total loan portfolio of the segment fell 4.5 percentage points year-on-year to 26.8 per cent supported by foreign currency loan write-offs in the retail customer segment in Ukraine.

Other results and taxes

Other results recovered year-on-year from minus € 12 million to plus € 39 million. The improvement in net income was mainly due to valuation gains from the fair value securities portfolio. In Ukraine net income from the valuation of fixed-income Ukrainian government bonds achieved a turnaround from minus € 13 million to plus € 25 million year-on-year due to significant declines in the market interest rate. In addition, the sale of an equity participation in Ukraine increased profit by € 12 million.

The segment's income taxes climbed 5 per cent to € 19 million. The tax rate fell 13 percentage points to 21 per cent due to the fact that the local result in Belarus differed from the IFRS result and the fact that valuation gains in Ukraine had been conservatively estimated in the tax forecast.

Detailed results of individual countries:

Belarus

In € million	1/1-30/6 2013	1/1-30/6 2012	Change	Q2/2013	Q1/2013	Change
Net interest income	42	33	26.9%	21	20	5.9%
Net fee and commission income	31	28	11.9%	16	15	6.4%
Net trading income	(5)	(8)	(37.2)%	1	(6)	–
Other net operating income	(1)	(1)	21.9%	0	(1)	(29.9)%
Operating income	**67**	**52**	**28.9%**	**38**	**28**	**34.9%**
General administrative expenses	(37)	(31)	17.6%	(19)	(18)	4.8%
Operating result	**30**	**21**	**45.8%**	**20**	**11**	**85.4%**
Net provisioning for impairment losses	0	(1)	–	0	0	–
Other results	0	0	–	0	0	–
Profit before tax	**30**	**20**	**53.0%**	**20**	**11**	**81.1%**
Income taxes	(6)	(8)	(23.7)%	(4)	(2)	149.1%
Profit after tax	**24**	**12**	**106.7%**	**15**	**9**	**67.6%**
Assets	1,442	1,314	9.7%	1,442	1,472	(2.0)%
Loans and advances to customers	971	795	22.2%	971	1,010	(3.8)%
hereof corporate %	74.0%	74.1%	(0.1) PP	74.0%	76.8%	(2.8) PP
hereof retail %	26.0%	25.9%	0.1 PP	26.0%	23.2%	2.8 PP
hereof foreign currency %	72.3%	74.4%	(2.1) PP	72.3%	73.0%	(0.7) PP
Deposits from customers	905	799	13.3%	905	926	(2.3)%
Loan/deposit ratio	107.3%	99.4%	7.9 PP	107.3%	109.0%	(1.7) PP
Return on equity before tax	30.5%	22.5%	8.0 PP	36.9%	21.6%	15.3 PP
Return on equity after tax	24.3%	13.2%	11.0 PP	28.5%	18.0%	10.5 PP
Cost/income ratio	54.6%	59.9%	(5.3) PP	48.7%	62.6%	(14.0) PP
Net interest margin (average interest-bearing assets)	6.42%	5.67%	0.74 PP	6.39%	6.39%	0.00 PP
Employees as of reporting date	2,194	2,192	0.1%	2,194	2,201	(0.3)%
Business outlets	100	100	0.0%	100	100	0.0%
Customers	701,651	684,727	2.5%	701,651	695,067	0.9%

Ukraine

In € million	1/1-30/6 2013	1/1-30/6 2012	Change	Q2/2013	Q1/2013	Change
Net interest income	152	177	(14.0)%	80	72	10.7%
Net fee and commission income	70	68	2.2%	36	34	7.7%
Net trading income	4	2	151.3%	2	2	0.8%
Other net operating income	(2)	(1)	61.0%	(1)	(1)	31.8%
Operating income	**224**	**246**	**(8.7)%**	**117**	**107**	**9.4%**
General administrative expenses	(143)	(151)	(5.1)%	(71)	(72)	(1.8)%
Operating result	**81**	**95**	**(14.4)%**	**46**	**35**	**32.6%**
Net provisioning for impairment losses	(58)	(49)	19.7%	(32)	(27)	18.9%
Other results	39	(12)	–	6	32	(80.1)%
Profit before tax	**62**	**34**	**82.2%**	**21**	**41**	**(48.1)%**
Income taxes	(13)	(10)	26.7%	(4)	(9)	(51.0)%
Profit after tax	**49**	**24**	**105.7%**	**17**	**32**	**(47.4)%**
Assets	4,727	5,148	(8.2)%	4,727	4,832	(2.2)%
Loans and advances to customers	3,787	4,121	(8.1)%	3,787	3,806	(0.5)%
hereof corporate %	53.3%	51.0%	2.2 PP	53.3%	51.9%	1.4 PP
hereof retail %	46.7%	49.0%	(2.3) PP	46.7%	48.1%	(1.4) PP
hereof foreign currency %	49.9%	54.4%	(4.5) PP	49.9%	50.8%	(0.9) PP
Deposits from customers	2,806	2,684	4.5%	2,806	2,835	(1.0)%
Loan/deposit ratio	135.0%	153.5%	(18.5) PP	135.0%	134.2%	0.7 PP
Return on equity before tax	15.1%	8.0%	7.1 PP	10.0%	19.6%	(9.6) PP
Return on equity after tax	12.0%	5.6%	6.4 PP	8.0%	15.5%	(7.5) PP
Cost/income ratio	63.7%	61.3%	2.4 PP	60.4%	67.4%	(6.9) PP
Net interest margin (average interest-bearing assets)	7.00%	7.50%	(0.50) PP	7.36%	6.66%	0.70 PP
Employees as of reporting date	13,492	14,874	(9.3)%	13,492	13,787	(2.1)%
Business outlets	820	825	(0.6)%	820	822	(0.2)%
Customers	3,082,951	3,126,885	(1.4)%	3,082,951	3,023,416	2.0%

Group Corporates

In € million	1/1-30/6 2013	1/1-30/6 2012	Change	Q2/2013	Q1/2013	Change
Operating income	316	315	0.2%	160	156	2.1%
General administrative expenses	(96)	(82)	17.0%	(51)	(44)	15.5%
Operating result	**220**	**234**	**(5.7)%**	**108**	**112**	**(3.2)%**
Net provisioning for impairment losses	(103)	(21)	380.8%	(30)	(73)	(58.8)%
Other results	0	1	(59.9)%	0	0	(86.7)%
Profit before tax	**118**	**214**	**(44.8)%**	**78**	**39**	**98.9%**
Assets	19,529	20,817	(6.2)%	19,529	21,380	(8.7)%
Net interest margin (average interest-bearing assets)	2.41%	1.97%	0.44 PP	2.55%	2.17%	0.38 PP
Return on equity before tax	**13.0%**	**24.0%**	**(11.0) PP**	**16.9%**	**8.3%**	**8.6 PP**

Profit before tax for the Group Corporates segment fell 45 per cent to € 118 million compared to the same period last year. The reason was mainly due to higher net provisioning for impairment losses on loans and advances to large corporate customers. The segment's return on equity before tax declined 11.0 percentage points to 13.0 per cent.

Operating income

The segment's net interest income increased 12 per cent year-on-year to € 239 million. Despite a moderate lending volume, the increase in asset margins in the Corporate Customers profit center of Group head office (Austrian and multinational corporate customers serviced from Vienna) contributed to a material improvement in net interest income to € 90 million. In the Network Corporate Customers & Support profit center (predominantly international corporate customers with a CEE relationship) net interest income increased 7 per cent to € 42 million. In the business outlets in Asia net interest income declined due to lower lending volumes. The segment's net interest margin climbed 44 basis points to 2.41 per cent due to improved asset margins and lower liquidity charges within the framework of intra-Group funding. Total assets decreased 6 per cent to € 19.5 billion year-on-year due to sluggish credit demand in Austria and reductions in Asia while credit risk-weighted assets increased 8 per cent to € 12.6 billion.

Net fee and commission income fell 10 per cent, or € 8 million, to € 74 million year-on-year. On the one hand, net fee and commission income fell in the business outlets in China, on the other hand there was an increase in income generated in Group head office from securities business based on lead-arranger bond issuance activities associated with Austrian and international customers.

The segment's net trading income declined 81 per cent to € 3 million, especially with respect to derivative financial instruments within interest rate and currency hedges, as well as to structured investment and financial products.

The segment's other net operating income fell year-on-year to € 0.3 million due to intra-Group charges.

General administrative expenses

The segment's general administrative expenses increased 17 per cent year-on-year to € 96 million mainly as a result of higher overhead costs that were allocated to the segment. The segment consisted of nine business outlets at the end of the reporting period. The cost/income ratio rose 4.4 percentage points to 30.3 per cent.

Net provisioning for impairment losses

Net provisioning for impairment losses rose € 82 million to € 103 million. Individual loans to large corporate customers led to higher net provisioning for impairment losses at Group head office. Net provisioning for impairment losses in China, on the other hand, declined 50 per cent to € 19 million. In the previous year this figure had also been low due to modifications of portfolio risk model that had led to releases of portfolio-based loan loss provisions. The share of non-performing loans in the segment's loan portfolio remained constant at 4.1 per cent.

Other results and taxes

The segment's other results declined € 1 million year-on-year due to lower net income from valuation of securities held-to-maturity.

Income taxes declined 50 per cent to € 25 million compared to same period last year and tax rate decreased by 2 percentage points to 21 per cent.

Group Markets

In € million	1/1-30/6 2013	1/1-30/6 2012	Change	Q2/2013	Q1/2013	Change
Operating income	193	187	3.0%	117	76	54.0%
General administrative expenses	(128)	(127)	0.4%	(67)	(61)	10.5%
Operating result	**65**	**60**	**8.4%**	**50**	**15**	**230.3%**
Net provisioning for impairment losses	1	(19)	–	2	(1)	–
Other results	8	154	(94.8)%	(3)	11	–
Profit before tax	**74**	**194**	**(61.9)%**	**49**	**25**	**91.4%**
Assets	19,486	21,840	(10.8)%	19,486	19,438	0.2%
Net interest margin (average interest-bearing assets)	0.87%	0.81%	0.06 PP	0.91%	0.84%	0.07 PP
Return on equity before tax	**22.7%**	**29.3%**	**(6.6) PP**	**21.8%**	**8.9%**	**12.8 PP**

Profit before tax in the Group Markets segment fell 62 per cent to € 74 million compared to the same period last year. The main reason for this decline was lower net income from financial investments. The segment’s return on equity before tax decreased 6.6 percentage points to 22.7 per cent.

Operating income

The segment’s net interest income fell 19 per cent to € 69 million compared to the same period last year. The main reasons for this decline were lower business volume in highly-liquid bonds from financial institutions due to reduced investment activities of RBI as well as ongoing cautious risk positioning. The segment’s total assets declined 11 percent year-on-year to € 19.5 billion, while net interest margin increased 6 basis points to 0.87 per cent. Credit risk-weighted assets decreased 2 per cent to € 3.8 billion, due mainly to reduction of exposures in securities, CDS and swaps.

Group Markets’ net fee and commission income increased 28 per cent to € 63 million compared to the same period last year. Net fee and commission income in the Financial Institutions profit center increased due to an improved financial markets condition. As a result, income from cash management, custody and funds services rose significantly. The Private Banking and Asset Management division of subsidiary Kathrein Privatbank AG in Vienna also made an improved contribution in net fee and commission income of € 4 million.

Net trading income in the segment increased 15 per cent to € 52 million due to higher trading volumes. Net income from capital guarantees issued at Group head office improved € 11 million compared to the same period last year.

General administrative expenses

At € 128 million, general administrative expenses in the Group Markets segment remained relatively stable year-on-year. Cost/income ratio improved 1.7 percentage points to 66.4 per cent.

Net provisioning for impairment losses

An individual loan loss provision of € 5 million was released in the reporting period. This was almost offset by allocations for portfolio-based loan loss provisions. In the comparable period last year, an individual loan at Group head office had led to a net allocation to loan loss provisions of € 19 million. Non-performing loans accounted for 1.2 per cent of the segment's total credit exposure.

Other results and taxes

Other results in the segment fell from € 154 million to € 8 million year-on-year. This was caused by net income decline from financial investments – due in particular to the previous year's sale of the high-quality securities portfolio at Group head office, which generated income of € 159 million, and other financial instruments. In contrast, net income from derivatives improved year-on-year primarily due to valuation results at Group head office.

The segment's income taxes declined from € 58 million to € 14 million due to the aforementioned sale of securities, the tax rate thus fell to 19 per cent.

Corporate Center

In € million	1/1-30/6 2013	1/1-30/6 2012	Change	Q2/2013	Q1/2013	Change
Operating income	896	460	94.8%	917	(21)	–
General administrative expenses	(155)	(152)	2.0%	(83)	(72)	16.1%
Operating result	**741**	**308**	**140.6%**	**834**	**(93)**	**–**
Net provisioning for impairment losses	1	3	(77.9)%	0	1	–
Other results	(208)	20	–	(92)	(116)	(20.9)%
Profit/loss before tax	**534**	**331**	**61.5%**	**742**	**(208)**	**–**
Assets	39,871	61,487	(35.2)%	39,871	43,580	(8.5)%
Net interest margin (average interest-bearing assets)	–	–	–	–	–	–
Return on equity before tax	**46.7%**	**32.4%**	**14.4 PP**	**124.6%**	**–**	**–**

Despite high valuation losses from derivatives, the Corporate Center segment achieved a profit before tax of € 534 million due to significantly improved net interest and dividend income.

Operating income

The segment's net interest income increased 94 per cent to € 897 million year-on-year. The improvement was mainly due to intra-Group dividend income. Higher income from liquidity balancing and lower refinancing costs also led to a rise in net interest income. In addition, the interest expense of € 27 million for the subordinated capital of RBI AG is reported in this segment. The segment's assets shrank 35 per cent to € 39.9 billion due especially to liquidity optimization. Credit risk-weighted assets contracted 16 per cent to € 16.0 billion.

Net fee and commission income improved 53 per cent to minus € 9 million year-on-year due primarily to lower commission payments for transaction settlements.

Net trading income in the segment fell 5 per cent to minus € 8 million. This decline was mainly caused by valuation of various foreign currencies and interest-rate-based instruments held for management purposes.

Other net operating income also declined 34 per cent to € 16 million. This decrease was associated with intra-Group charges for services rendered by Group head office to the Group units in the other segments. As in previous year, the Austrian bank levy had a negative effect of € 51 million on income. The contribution to income made by the Raiffeisen Service Center (back-office services for banks in Austria) remained unchanged at € 16 million. On the other hand, an improved contribution of € 6 million (up € 2 million) was the result of Elsner Trading's commodity trading activities.

General administrative expenses

The segment's general administrative expenses increased 2 per cent to € 155 million year-on-year. The only business outlet reported in the segment is Group head office.

Net provisioning for impairment losses

Net provisioning for impairment losses generally plays a minor role in this segment due to the intra-Group nature of its business activities. During the reporting period there was a net release of provisions for impairment losses of € 1 million.

Other results and taxes

Other results in the segment fell year-on-year from plus € 20 million to minus € 208 million. Valuation losses on own issues (€ 134 million) and lower valuation of other derivative financial instruments and financial investments had a negative impact on net income. In the previous period, the buyback of portions of the hybrid capital had resulted in a net gain of € 113 million.

In the Corporate Center segment, tax income fell year-on-year from € 71 million to € 36 million. This decline was attributable primarily to valuation results reported in this segment, particularly relating to liabilities measured at fair value.

Interim consolidated financial statements

(Interim report as of 30 June 2013)

Statement of comprehensive income

Income statement

In € million	Notes	1/1-30/6/2013	1/1-30/6/2012	Change
Interest income		3,052	3,305	(7.6)%
Interest expenses[1]		(1,216)	(1,543)	(21.2)%
Net interest income	**[2]**	**1,836**	**1,762**	**4.2%**
Net provisioning for impairment losses	[3]	(469)	(400)	17.3%
Net interest income after provisioning		**1,367**	**1,362**	**0.4%**
Fee and commission income		968	890	8.7%
Fee and commission expense		(183)	(170)	7.7%
Net fee and commission income	**[4]**	**785**	**721**	**9.0%**
Net trading income[1]	[5]	140	167	(15.9)%
Income from derivatives and liabilities	[6]	(187)	(20)	>500.0%
Net income from financial investments	[7]	64	253	(74.7)%
General administrative expenses[2]	[8]	(1,617)	(1,518)	6.5%
Other net operating income	[9]	(79)	(36)	121.5%
Net income from disposal of group assets		(6)	(2)	309.5%
Profit before tax		**467**	**927**	**(49.6)%**
Income taxes[2]	[10]	(156)	(194)	(19.6)%
Profit after tax		**311**	**734**	**(57.6)%**
Profit attributable to non-controlling interests		(35)	(33)	6.0%
Consolidated profit		**277**	**701**	**(60.5)%**

1 Reclassification of a foreign exchange derivative-related interest component..
2 Adaption of previous year figures due to the retrospective application of IAS 19 (effect lower than € 1 million).

Transition to total comprehensive income

In € million	Total 1/1-30/6 2013	Total 1/1-30/6 2012	Group equity 1/1-30/6 2013	Group equity 1/1-30/6 2012	Non-controlling interests 1/1-30/6 2013	Non-controlling interests 1/1-30/6 2012
Profit after tax	**311**	**734**	**277**	**701**	**35**	**33**
Items which are not reclassified to profit and loss	**0**	**0**	**0**	**0**	**0**	**0**
Remeasurements of defined benefit plans	0	0	0	0	0	0
Deferred taxes on items which are not reclassified to profit and loss	0	0	0	0	0	0
Items that may be reclassified subsequently to profit or loss	**(295)**	**15**	**(293)**	**(4)**	**(2)**	**19**
Exchange differences	(261)	103	(257)	86	(4)	17
hereof unrealized net gains (losses) of the period	(261)	103	(257)	86	(4)	17
Capital hedge	0	(1)	0	(1)	0	0
Hyperinflation	15	18	14	16	2	2
Net gains (losses) on derivatives hedging fluctuating cash flows	(22)	(1)	(22)	(1)	0	0
hereof unrealized net gains (losses) of the period	(22)	(1)	(22)	(1)	0	0
Net gains (losses) on financial assets available-for-sale	(34)	(138)	(34)	(138)	0	0
hereof unrealized net gains (losses) of the period	2	52	1	52	0	0
hereof net gains (losses) reclassified to income statement	(36)	(191)	(35)	(191)	0	0
Deferred taxes on income and expenses directly recognized in equity	6	34	6	34	0	0
hereof unrealized net gains (losses) of the period	1	(14)	1	(14)	0	0
hereof net gains (losses) reclassified to income statement	5	48	5	48	0	0
Other comprehensive income	**(295)**	**15**	**(293)**	**(4)**	**(2)**	**19**
Total comprehensive income	**16**	**749**	**(16)**	**697**	**32**	**52**

Earnings per share

In €	1/1-30/6/2013	1/1-30/6/2012	Change
Earnings per share	0.91	3.09	(2.18)

Earnings per share are obtained by dividing consolidated profit less dividend for participation capital by the average number of ordinary shares outstanding. As of 30 June 2013, the number of ordinary shares oustanding was 194.9 million (30 June 2012: 194.8 million). There were no conversion rights or options oustanding, so undiluted earnings per share are equal to diluted earnings per share.

Quarterly results

In € million	Q3/2012	Q4/2012	Q1/2013	Q2/2013
Net interest income	834	876	865	972
Net provisioning for impairment losses	(224)	(385)	(220)	(249)
Net interest income after provisioning	**611**	**491**	**645**	**722**
Net fee and commission income	400	396	375	411
Net trading income	54	(6)	80	60
Income from derivatives and liabilities	(88)	(20)	(121)	(66)
Net income from financial investments	46	19	87	(23)
General administrative expenses[1]	(818)	(921)	(788)	(829)
Other net operating income	(16)	(50)	(21)	(58)
Net income from disposal of group assets	0	14	(6)	0
Profit/loss before tax	**188**	**(77)**	**251**	**216**
Income taxes[1]	(32)	(60)	(77)	(79)
Profit/loss after tax	**155**	**(136)**	**174**	**137**
Profit attributable to non-controlling interests	(14)	24	(17)	(17)
Consolidated profit/loss	**142**	**(112)**	**157**	**120**

1 Adaption of previous year figures due to the retrospective application of IAS 19.

In € million	Q3/2011	Q4/2011	Q1/2012	Q2/2012
Net interest income	943	943	875	886
Net provisioning for impairment losses	(377)	(282)	(153)	(247)
Net interest income after provisioning	**566**	**661**	**722**	**639**
Net fee and commission income	388	365	346	375
Net trading income	37	70	82	85
Income from derivatives and liabilities	108	264	35	(55)
Net income from financial investments	(158)	5	261	(8)
General administrative expenses[1]	(772)	(835)	(753)	(764)
Other net operating income	(15)	(190)	(8)	(28)
Net income from disposal of group assets	0	0	0	(2)
Profit before tax	**153**	**340**	**685**	**243**
Income taxes[1]	(71)	(127)	(111)	(83)
Profit after tax	**82**	**213**	**574**	**160**
Profit attributable to non-controlling interests	48	8	(33)	0
Consolidated profit	**130**	**221**	**541**	**160**

1 Adaption of previous year figures due to the retrospective application of IAS 19.

Statement of financial position

Assets In € million	Notes	30/6/2013	31/12/2012	Change
Cash reserve		4,451	6,557	(32.1)%
Loans and advances to banks	[12, 35]	21,460	22,323	(3.9)%
Loans and advances to customers	[13, 35]	81,942	83,343	(1.7)%
Impairment losses on loans and advances	[14]	(5,615)	(5,642)	(0.5)%
Trading assets	[15, 35]	7,669	9,813	(21.9)%
Derivatives	[16, 35]	1,002	1,405	(28.7)%
Financial investments	[17, 35]	14,397	13,355	7.8%
Investments in associates	[35]	5	5	0.8%
Intangible fixed assets	[18]	1,293	1,321	(2.1)%
Tangible fixed assets	[19]	1,625	1,597	1.7%
Other assets	[20, 35]	2,078	2,038	1.9%
Total assets		**130,306**	**136,116**	**(4.3)%**

Equity and liabilities In € million	Notes	30/6/2013	31/12/2012	Change
Deposits from banks	[21, 35]	27,495	30,186	(8.9)%
Deposits from customers	[22, 35]	66,575	66,297	0.4%
Debt securities issued	[23]	12,035	13,290	(9.4)%
Provisions for liabilities and charges	[24, 35]	678	721	(6.0)%
Trading liabilities	[25, 35]	6,082	8,824	(31.1)%
Derivatives	[26, 35]	462	472	(2.0)%
Other liabilities	[27, 35]	2,703	1,515	78.4%
Subordinated capital	[28, 35]	3,847	3,937	(2.3)%
Equity	[29]	10,428	10,873	(4.1)%
Consolidated equity[1]		9,464	9,424	0.4%
Consolidated profit[1]		277	730	(62.1)%
Non-controlling interests		688	719	(4.3)%
Total equity and liabilities		**130,306**	**136,116**	**(4.3)%**

1 Adaption of previous year figures due to the retrospective application of IAS 19.

Statement of changes in equity

In € million	Subscribed capital	Participation capital	Capital reserves	Retained earnings	Consolidated profit	Non-controlling interests	Total
Equity as of 1/1/2013	**595**	**2,500**	**2,574**	**3,760**	**725**	**719**	**10,873**
Effects of the retrospective application of IAS 19	0	0	0	(5)	5	0	0
Equity as of 1/1/2013	**595**	**2,500**	**2,574**	**3,754**	**731**	**719**	**10,873**
Capital increases	0	0	0	0	0	8	8
Transferred to retained earnings	0	0	0	302	(302)	0	0
Dividend payments	0	0	0	0	(429)	(56)	(485)
Total comprehensive income	0	0	0	(293)	277	32	16
Own shares/share incentive program	0	0	0	0	0	0	0
Other changes	0	0	0	32	0	(15)	17
Equity as of 30/6/2013	**595**	**2,500**	**2,574**	**3,795**	**277**	**688**	**10,428**

In € million	Subscribed capital	Participation capital	Capital reserves	Retained earnings	Consolidated profit	Non-controlling interests	Total
Equity as of 1/1/2012	**593**	**2,500**	**2,571**	**3,161**	**968**	**1,143**	**10,936**
Effects of the retrospective application of IAS 19	0	0	0	(1)	1	0	0
Equity as of 1/1/2012	**593**	**2,500**	**2,571**	**3,161**	**968**	**1,143**	**10,936**
Capital increases	0	0	0	0	0	19	19
Transferred to retained earnings	0	0	0	564	(564)	0	0
Dividend payments	0	0	0	0	(405)	(50)	(455)
Total comprehensive income	0	0	0	(4)	701	52	749
Own shares/share incentive program	1	0	6	0	0	0	7
Other changes	0	0	0	(110)	0	(295)	(405)
Equity as of 30/6/2012	**595**	**2,500**	**2,576**	**3,610**	**701**	**869**	**10,850**

Statement of cash flows

In € million	1/1-30/6/2013	1/1-30/6/2012[1]
Cash and cash equivalents at the end of previous period	**6,557**	**11,402**
Cash from the acquisition of subsidiaries	0	340
Net cash from operating activities	(1,383)	3,992
Net cash from investing activities	(152)	352
Net cash from financing activities	(444)	(664)
Effect of exchange rate changes	(127)	(28)
Cash and cash equivalents at the end of period	**4,451**	**15,393**

1 Adaption of previous year figures due to different allocation.

Segment reporting

As a rule, internal management reporting at RBI is based on the current organizational structure. This matrix structure means that each member of the Management Board is responsible both for individual countries and for specific business activities (country and functional responsibility model). A cash generating unit within the Group is either a country or a business activity. Accordingly, the RBI management bodies – Management Board and Supervisory Board – make key decisions that determine the resources allocated to any given segment based on its financial strength and profitability, which is why these reporting criteria are an essential component in the decision-making process. Thus, the division into segments was also undertaken in accordance with IFRS 8. The reconciliation contains mainly the amounts resulting from the elemination of intra-group results and consolidation between the segments.

The following segments result thereof:

- Central Europe
- Southeastern Europe
- Russia
- CIS Other
- Group Corporates
- Group Markets
- Corporate Center

1/1-30/6/2013 In € million	Central Europe	Southeastern Europe	Russia	CIS Other	Group Corporates
Net interest income	534	424	365	195	239
Net fee and commission income	270	161	155	101	74
Net trading income	(1)	28	55	(1)	3
Other net operating income	(59)	22	0	(3)	0
Operating income	**745**	**635**	**575**	**293**	**316**
General administrative expenses	(517)	(343)	(265)	(180)	(96)
Operating result	**228**	**293**	**311**	**113**	**220**
Net provisioning for impairment losses	(170)	(149)	7	(57)	(103)
Other results	13	10	27	39	0
Profit before tax	**71**	**154**	**345**	**94**	**118**
Income taxes	(36)	(9)	(88)	(19)	(25)
Profit after tax	**34**	**145**	**257**	**75**	**93**
Profit attributable to non-controlling interests	(25)	(5)	(1)	(5)	0
Profit after non-controlling interests	**9**	**139**	**256**	**70**	**93**

Share of profit before tax	5.1%	11.1%	24.8%	6.8%	8.5%
Risk-weighted assets (credit risk)	21,209	12,990	10,217	5,492	12,612
Total own funds requirement	1,986	1,256	991	530	1,009
Assets	38,358	21,330	16,208	6,213	19,529
Liabilities	34,820	18,347	13,915	5,096	14,588
Net interest margin (average interest-bearing assets)	2.87%	4.28%	4.90%	6.86%	2.41%
NPL ratio	11.7%	13.4%	4.5%	26.8%	4.1%
NPL coverage ratio	63.9%	62.1%	100.5%	70.4%	65.0%
Cost/income ratio	69.4%	53.9%	46.0%	61.4%	30.3%
Provisioning ratio (average loans and advances to customers)	1.15%	2.06%	(0.14)%	2.41%	1.04%
Average equity	3,311	2,069	1,645	856	1,811
Return on equity before tax	**4.3%**	**14.9%**	**41.9%**	**22.1%**	**13.0%**
Business outlets	807	1,124	190	921	9

1/1-30/6/2013 In € million	Group Markets	Corporate Center	Reconciliation	Total
Net interest income	69	897	(886)	1,836
Net fee and commission income	63	(9)	(30)	785
Net trading income	52	(8)	11	140
Other net operating income	9	16	(65)	(79)
Operating income	**193**	**896**	**(970)**	**2,683**
General administrative expenses	(128)	(155)	66	(1,617)
Operating result	**65**	**741**	**(904)**	**1,066**
Net provisioning for impairment losses	1	1	0	(469)
Other results	8	(208)	(18)	(130)
Profit before tax	**74**	**534**	**(923)**	**467**
Income taxes	(14)	36	0	(156)
Profit after tax	**60**	**569**	**(923)**	**311**
Profit attributable to non-controlling interests	0	(3)	5	(35)
Profit after non-controlling interests	**60**	**567**	**(918)**	**277**
Share of profit before tax	5.3%	38.4%	–	100.0%
Risk-weighted assets (credit risk)	3,753	16,001	(14,457)	67,816
Total own funds requirement	404	1,292	(846)	6,621
Assets	19,486	39,871	(30,689)	130,306
Liabilities	22,116	26,209	(15,214)	119,877
Net interest margin (average interest-bearing assets)	0.87%	–	–	3.06%
NPL ratio	6.9%	–	–	9.9%
NPL coverage ratio	93.1%	–	–	67.3%
Cost/income ratio	66.4%	17.3%	–	60.2%
Provisioning ratio (average loans and advances to customers)	(0.08)%	(0.03)%	–	1.13%
Average equity	651	2,285	(1,718)	10,910
Return on equity before tax	**22.7%**	**46.7%**	**–**	**8.6%**
Business outlets	4	1	–	3,056

1/1-30/6/2012 In € million	Central Europe	Southeastern Europe	Russia	CIS Other	Group Corporates
Net interest income	508	451	362	211	214
Net fee and commission income	234	152	135	97	82
Net trading income	19	27	56	(6)	15
Other net operating income	(19)	17	2	(2)	4
Operating income	**742**	**647**	**555**	**299**	**315**
General administrative expenses	(460)	(342)	(238)	(182)	(82)
Operating result	**283**	**305**	**317**	**117**	**234**
Net provisioning for impairment losses	(199)	(128)	15	(50)	(21)
Other results	28	12	0	(12)	1
Profit before tax	**111**	**189**	**332**	**55**	**214**
Income taxes	(48)	(24)	(77)	(18)	(49)
Profit after tax	**63**	**165**	**255**	**36**	**164**
Profit attributable to non-controlling interests	(15)	(10)	6	(2)	0
Profit after non-controlling interests	**48**	**155**	**261**	**34**	**164**
Share of profit before tax	7.8%	13.3%	23.3%	3.8%	15.0%
Risk-weighted assets (credit risk)	22,296	13,306	10,074	5,339	11,679
Total own funds requirement	2,036	1,282	959	522	989
Assets	41,450	22,292	17,041	6,518	20,817
Liabilities	37,696	19,379	14,852	5,422	15,741
Net interest margin (average interest-bearing assets)	2.88%	4.30%	5.20%	7.10%	1.97%
NPL ratio	11.0%	12.3%	5.7%	31.3%	4.1%
NPL coverage ratio	61.9%	58.1%	96.3%	67.8%	63.3%
Cost/income ratio	61.9%	52.9%	42.9%	60.8%	25.9%
Provisioning ratio (average loans and advances to customers)	1.46%	1.69%	(0.23)%	2.02%	0.20%
Average equity	2,968	2,090	1,533	788	1,779
Return on equity before tax	**7.5%**	**18.1%**	**43.4%**	**13.9%**	**24.0%**
Business outlets	877	1,145	193	926	8

1/1-30/6/2012 In € million	Group Markets	Corporate Center	Reconciliation	Total
Net interest income	85	462	(531)	1,762
Net fee and commission income	49	(19)	(10)	721
Net trading income	45	(8)	19	167
Other net operating income	7	24	(70)	(36)
Operating income	**187**	**460**	**(592)**	**2,613**
General administrative expenses	(127)	(152)	65	(1,518)
Operating result	**60**	**308**	**(527)**	**1,096**
Net provisioning for impairment losses	(19)	3	0	(400)
Other results	154	20	29	232
Profit before tax	**194**	**331**	**(498)**	**927**
Income taxes	(58)	71	11	(194)
Profit after tax	**136**	**401**	**(487)**	**734**
Profit attributable to non-controlling interests	0	(1)	(10)	(33)
Profit after non-controlling interests	**136**	**401**	**(498)**	**701**
Share of profit before tax	13.6%	23.2%	–	100.0%
Risk-weighted assets (credit risk)	3,828	19,099	(16,415)	69,206
Total own funds requirement	421	1,579	(1,034)	6,754
Assets	21,840	61,487	(38,727)	152,717
Liabilities	28,659	41,993	(21,874)	141,867
Net interest margin (average interest-bearing assets)	0.81%	–	–	2.64%
NPL ratio	4.5%	–	–	9.8%
NPL coverage ratio	76.8%	–	–	65.8%
Cost/income ratio	68.1%	33.0%	–	58.1%
Provisioning ratio (average loans and advances to customers)	0.82%	(0.13)%	–	0.90%
Average equity	1,326	2,043	(1,783)	10,744
Return on equity before tax	**29.3%**	**32.4%**	**–**	**17.3%**
Business outlets	3	1	–	3,153

Notes

Principles underlying the consolidated financial statements

Policies

The condensed interim 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 condensed consolidated interim financial statements as of 30 June 2013 are prepared in accordance with IAS 34.

In addition to the information on risks arising from financial instruments in the individual notes to the financial statements, the risk report section in particular contains detailed information on the issues of credit risk, concentration risk, market risk and liquidity risk.

RBI's interim report for the first half year of 2013 did not undergo a complete audit, nor did it undergo an audit inspection carried out by a certified auditor (framework prime market of the Vienna Stock Exchange).

In the interim reporting, the same recognition and measurement principles and consolidation methods were fundamentally applied as those used in preparing the 2012 consolidated financial statements (see 2012 Annual Report, page 116 ff.). Standards and interpretations to be applied in the EU from 1 January 2013 onward were accounted for in this interim report. The application of these standards had no material influence on the condensed interim consolidated financial statements.

Application of new and revised standards

The amendments to IAS 1 (Presentation of items of other comprehensive income) require presentation, by using subtotals, as to whether the items of other comprehensive income are re-classifiable to profit or loss or not. Moreover, if other comprehensive income items are presented before tax then the tax related to each of the two categories has to be presented separately. Application of these amendments will have an impact on the presentation of the statement of comprehensive income. Starting with the first quarter of 2013, items that cannot be reclassified to profit or loss and items that can be reclassified to profit or loss are presented separately.

In the current financial year, IAS 19 (Employee benefits; revised 2011, IAS 19R) will be applied retroactively for the first time. The most significant change of IAS 19 relates to the accounting for changes in defined benefit obligations and plan assets. The amendments require the immediate recognition of all changes in defined benefit obligations and in fair value of plan assets when they occur. Through the elimination of the “corridor approach,” all actuarial gains and losses are to be recognized immediately through other comprehensive income. As RBI did not use the “corridor approach” in the past there will be no major changes. The effects due to the retrospective application of IAS 19 can on the one hand be seen in the statement of changes in equity as of 1 January 2012 and on the other hand in the transition to total comprehensive income. The comparative figures have been adjusted accordingly.

In May 2011 the IASB published IFRS 13 (Fair Value Measurement) which establishes a single source of guidance for fair value measurements and disclosures about fair value measurements, which up until then had been included in the various IFRS. The scope of IFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other IFRSs require or permit fair value measurements or demand disclosures about fair value measurements, except in specified circumstances. IFRS 13 is to be applied prospectively for annual periods beginning on or after 1 January 2013. The impact from the adoption of the valuation of assets and liabilities of RBI will not be significant. Changes are related in particular to the notes. Disclosures which were only shown in the year-end report, i.e. the information about market values of financial instruments and on the classification of financial instruments, are now shown also in the interim reports. This quantitative data is presented in the other information in (34) Fair value of financial instruments reported at fair value.

The amendments to IFRS 7 (Offsetting financial assets and liabilities) require entities to disclose information about rights to offset financial instruments and related arrangements under an enforceable master netting agreement or similar arrangement. These changes are to be applied prospectively for annual periods beginning on or after 1 January 2013. The quantitative data was not published in the second quarter of 2013, since it is irrelevant for understanding the changes that have occurred in the assets, financial and earnings position of the company since the end of the last fiscal year.

The other amendments to IFRS 1 (Government loans), IFRIC 20 (Stripping costs in the production phase of a surface mine) and the annual improvements (IFRS cycle 2009-2011) are to be applied for the first time in the current financial year. These changes have no impact on the interim consolidated financial statements of RBI.

Critical accounting judgements and key sources of estimation uncertainty

If estimates or assessments are necessary for accounting and measuring under IAS/IFRS rules, they are made in accordance with the respective standards. They are based on past experience and other factors, such as planning and expectations or forecasts of future events that appear likely from today's standard. This primarily affects impairment losses in the credit business, the fair value and the impairment of financial instruments, deferred taxes, provisions for pensions and pension-related liabilities, and calculations used to determine the recoverability of goodwill and the intangible asset values capitalized in the course of the initial consolidation. The actual values may deviate from the estimated figures.

Currencies

	2013		2012	
	As of	Average	As of	Average
Rates in units per €	**30/6**	**1/1-30/6**	**31/12**	**1/1-30/6**
Albanian lek (ALL)	140.960	140.124	139.590	139.416
Belarusian rouble (BYR)	11,450.000	11,345.714	11,340.000	10,705.714
Bosnian marka (BAM)	1.956	1.956	1.956	1.956
Bulgarian lev (BGN)	1.956	1.956	1.956	1.956
Croatian kuna (HRK)	7.450	7.560	7.558	7.541
Czech koruna (CZK)	25.949	25.658	25.151	25.250
Hungarian forint (HUF)	294.850	296.553	292.300	295.470
Kazakh tenge (KZT)	197.900	197.999	199.220	192.929
Malaysian Ringgit (MYR)	4.134	4.058	4.035	4.024
Polish zloty (PLN)	4.338	4.195	4.074	4.252
Romanian leu (RON)	4.460	4.397	4.445	4.390
Russian rouble (RUB)	42.845	40.847	40.330	40.200
Serbian dinar (RSD)	114.172	112.160	113.718	110.941
Singapore dollar (SGD)	1.655	1.630	1.611	1.644
Turkish lira (TRY)	2.521	2.392	2.355	2.343
Ukrainian hryvnia (UAH)	10.410	10.472	10.537	10.371
US-Dollar (USD)	1.308	1.312	1.319	1.302

Changes in consolidated group

	Fully consolidated		Equity method	
Number of units	**30/6/2013**	**31/12/2012**	**30/6/2013**	**31/12/2012**
As of beginning of period	**137**	**135**	**1**	**1**
Included for the first time in the financial period	11	15	0	0
Merged in the financial period	0	(3)	0	0
Excluded in the financial period	(5)	(10)	0	0
As of end of period	**143**	**137**	**1**	**1**

Notes to the income statement

(1) Income statement according to measurement categories

In € million	1/1-30/6/2013	1/1-30/6/2012[1]
Net income from financial assets and liabilities held-for-trading	(3)	218
Net income from financial assets and liabilities at fair value through profit or loss	172	152
Net income from financial assets available-for-sale	40	165
Net income from loans and advances	2,100	2,390
Net income from financial assets held-to-maturity	97	120
Net income from financial liabilities measured at acquisition cost	(1,215)	(1,430)
Net income from derivatives (hedging)	6	(2)
Net revaluations from exchange differences	187	148
Other operating income/expenses	(917)	(834)
Total profit before tax from continuing operations	**467**	**927**

1 Reclassification of a foreign exchange derivative-related interest component.

(2) Net interest income

In € million	1/1-30/6/2013	1/1-30/6/2012[1]
Interest and interest-like income, total	**3,052**	**3,305**
Interest income	3,031	3,276
from balances at central banks	25	31
from loans and advances to banks	120	194
from loans and advances to customers	2,319	2,441
from financial investments	257	335
from leasing claims	95	111
from derivative financial instruments (non-trading), net	213	163
Current income	11	16
Interest-like income	10	13
Current income from associates	**0**	**0**
Interest expenses and interest-like expenses, total	**(1,216)**	**(1,543)**
Interest expenses	(1,195)	(1,522)
on deposits from central banks	(1)	(1)
on deposits from banks	(212)	(379)
on deposits from customers	(694)	(798)
on debt securities issued	(191)	(232)
on subordinated capital	(96)	(111)
Interest-like expenses	(21)	(21)
Total	**1,836**	**1,762**

1 Reclassification of a foreign exchange derivative-related interest component.

(3) Net provisioning for impairment losses

In € million	1/1-30/6/2013	1/1-30/6/2012
Individual loan loss provisions	**(456)**	**(496)**
Allocation to provisions for impairment losses	(900)	(796)
Release of provisions for impairment losses	433	360
Direct write-downs	(26)	(91)
Income received on written-down claims	36	31
Portfolio-based loan loss provisions	**(21)**	**91**
Allocation to provisions for impairment losses	(217)	(200)
Release of provisions for impairment losses	196	291
Gains from loan termination or sale	**7**	**5**
Total	**(469)**	**(400)**

(4) Net fee and commission income

In € million	1/1-30/6/2013	1/1-30/6/2012
Payment transfer business	348	314
Loan and guarantee business	122	124
Securities business	74	55
Foreign currency, notes/coins, and precious metals business	171	170
Management of investment and pension funds	15	9
Sale of own and third party products	23	18
Other banking services	32	30
Total	**785**	**721**

(5) Net trading income

In € million	1/1-30/6/2013	1/1-30/6/2012[1]
Interest-based transactions	13	69
Currency-based transactions	108	112
Equity-/index-based transactions	15	5
Credit derivatives business	1	(10)
Other transactions	3	(10)
Total	**140**	**167**

1 Reclassification of a foreign exchange derivative-related interest component.

The refinancing expenses for trading assets that are included in net trading income amounted to € 27 million (comparable period: € 36 million).

(6) Income from derivatives and liabilities

In € million	1/1-30/6/2013	1/1-30/6/2012
Net income from hedge accounting	(2)	0
Net income from credit derivatives	0	3
Net income from other derivatives	(162)	32
Net income from liabilities designated at fair value	(24)	(167)
Income from repurchase of liabilities	0	112
Total	**(187)**	**(20)**

(7) Net income from financial investments

In € million	1/1-30/6/2013	1/1-30/6/2012
Net income from securities held-to-maturity	**1**	**2**
Net valuations of securities	0	2
Net proceeds from sales of securities	1	1
Net income from equity participations	**29**	**9**
Net valuations of equity participations	(11)	(2)
Net proceeds from sales of equity participations	40	11
Net income from securities at fair value through profit and loss	**34**	**96**
Net valuations of securities	26	51
Net proceeds from sales of securities	8	45
Net income from available-for-sale securities	**0**	**146**
Total	**64**	**253**

(8) General administrative expenses

In € million	1/1-30/6/2013	1/1-30/6/2012
Staff expenses[1]	(815)	(768)
Other administrative expenses	(615)	(572)
Depreciation of intangible and tangible fixed assets	(186)	(178)
Total	**(1,617)**	**(1,518)**

1 Adaption of previous year figures due to the retrospective application of IAS 19 (effect lower than € 1 million).

(9) Other net operating income

In € million	1/1-30/6/2013	1/1-30/6/2012
Net income arising from non-banking activities	22	24
Sales revenues from non-banking activities	290	393
Expenses arising from non-banking activities	(268)	(369)
Net income from additional leasing services	10	(1)
Revenues from additional leasing services	35	37
Expenses from additional leasing services	(25)	(37)
Rental income from operating lease (vehicles and equipment)	16	16
Rental income from investment property incl. operating lease (real estate)	16	11
Net proceeds from disposal of tangible and intangible fixed assets	1	(1)
Other taxes	(156)	(96)
hereof bank levies and financial transaction tax	(142)	(80)
Impairment of goodwill	(3)	(1)
Net expense from allocation and release of other provisions	(2)	9
Negative interest	0	0
Sundry operating income	36	26
Sundry operating expenses	(20)	(23)
Total	**(79)**	**(36)**

(10) Income taxes

In € million	1/1-30/6/2013	1/1-30/6/2012
Current income taxes	(206)	(155)
Austria	(16)	(10)
Foreign	(190)	(145)
Deferred taxes[1]	51	(39)
Total	**(156)**	**(194)**

1 Adaption of previous year figures due to the retrospective application of IAS 19 (effect lower than € 1 million).

Notes to the statement of financial position

(11) Statement of financial position according to measurement categories

Assets according to measurement categories **In € million**	**30/6/2013**	**31/12/2012**
Cash reserve	4,451	6,557
Trading assets	8,058	10,517
Financial assets at fair value through profit or loss	9,421	8,348
Investments in associates	5	5
Financial assets available-for-sale	468	456
Loans and advances	99,832	102,017
Financial assets held-to-maturity	4,541	4,596
Derivatives (hedging)	613	702
Other assets	2,917	2,918
Total assets	**130,306**	**136,116**

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, other equity participations and fixed-interest securities. 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**	**30/6/2013**	**31/12/2012**
Trading liabilities	6,309	9,176
Financial liabilities	109,837	111,868
Liabilities at fair value through profit and loss	2,818	3,358
Derivatives (hedging)	236	120
Provisions for liabilities and charges	678	721
Equity	10,428	10,873
Total equity and liabilities	**130,306**	**136,116**

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

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

In € million	**30/6/2013**	**31/12/2012**
Austria	7,834	10,046
Foreign	13,626	12,277
Total	**21,460**	**22,323**

Loans and advances to banks include € 3,950 million (31/12/2012: € 5,130 million) from repo transactions.

(13) Loans and advances to customers

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

In € million	30/6/2013	31/12/2012
Sovereigns	1,657	1,387
Corporate customers – large corporates	50,347	52,213
Corporate customers – mid market	3,250	3,272
Retail customers – private individuals	23,708	23,489
Retail customers – small and medium-sized entities	2,880	2,946
Other	100	37
Total	**81,942**	**83,343**

Loans and advances to customers include € 1,190 million (31/12/2012: € 2,281 million) from repo transactions.

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

In € million	30/6/2013	31/12/2012
Austria	7,078	8,399
Foreign	74,863	74,944
Total	**81,942**	**83,343**

(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	30/6/2013	31/12/2012
Banks	142	158
Sovereigns	5	11
Corporate customers – large corporates	2,856	2,836
Corporate customers – mid market	397	387
Retail customers – private individuals	1,854	1,881
Retail customers – small and medium-sized entities	362	369
Total	**5,615**	**5,642**

(15) Trading assets

In € million	30/6/2013	31/12/2012
Bonds, notes and other fixed-interest securities	3,368	2,720
Shares and other variable-yield securities	292	277
Positive fair values of derivative financial instruments	3,996	6,816
Call/time deposits from trading purposes	12	0
Total	**7,669**	**9,813**

(16) Derivatives

In € million	30/6/2013	31/12/2012
Positive fair values of derivatives in fair value hedges (IAS 39)	606	698
Positive fair values of derivatives in cash flow hedges (IAS 39)	6	4
Positive fair values of credit derivatives	0	1
Positive fair values of other derivatives	389	702
Total	**1,002**	**1,405**

(17) Financial investments

In € million	30/6/2013	31/12/2012
Bonds, notes and other fixed-interest securities	13,769	12,741
Shares and other variable-yield securities	160	158
Equity participations	468	456
Total	**14,397**	**13,355**

(18) Intangible fixed assets

In € million	30/6/2013	31/12/2012
Goodwill	552	558
Software	580	566
Other intangible fixed assets	160	198
Total	**1,293**	**1,321**

(19) Tangible fixed assets

In € million	30/6/2013	31/12/2012
Land and buildings used by the Group for own purpose	715	722
Other land and buildings (investment property)	211	150
Office furniture, equipment and other tangible fixed assets	394	429
Leased assets (operating lease)	305	296
Total	**1,625**	**1,597**

(20) Other assets

In € million	30/6/2013	31/12/2012
Tax assets	596	505
Current tax assets	98	52
Deferred tax assets	497	453
Receivables arising from non-banking activities	105	103
Prepayments and other deferrals	254	215
Clearing claims from securities and payment transfer business	430	553
Lease in progress	139	49
Assets held for sale (IFRS 5)	66	64
Inventories	143	138
Re-/Devaluation of portfolio-hedged underlyings	6	11
Any other business	339	399
Total	**2,078**	**2,038**

(21) Deposits from banks

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

In € million	30/6/2013	31/12/2012
Austria	14,017	13,598
Foreign	13,478	16,589
Total	**27,495**	**30,186**

Deposits from banks include € 1,133 million (31/12/2012: € 1,258 million) from repo transactions.

(22) Deposits from customers

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

In € million	30/6/2013	31/12/2012
Sovereigns	1,776	1,079
Corporate customers – large corporates	29,950	29,072
Corporate customers – mid market	2,210	2,495
Retail customers – private individuals	28,154	29,140
Retail customers – small and medium-sized entities	3,849	3,894
Other	636	618
Total	**66,575**	**66,297**

Deposits from customers include € 73 million (31/12/2012: € 69 million) from repo transactions.

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

In € million	30/6/2013	31/12/2012
Austria	6,238	5,578
Foreign	60,338	60,719
Total	**66,575**	**66,297**

(23) Debt securities issued

In € million	30/6/2013	31/12/2012
Bonds and notes issued	11,421	12,767
Money market instruments issued	516	368
Other debt securities issued	98	155
Total	**12,035**	**13,290**

(24) Provisions for liabilities and charges

In € million	30/6/2013	31/12/2012
Severance payments	66	66
Retirement benefits	28	28
Taxes	87	109
Current	64	83
Deferred	23	26
Contingent liabilities and commitments	125	151
Pending legal issues	55	54
Overdue vacation	59	56
Bonus payments	180	194
Restructuring	10	16
Other	69	47
Total	**678**	**721**

(25) Trading liabilities

In € million	30/6/2013	31/12/2012
Negative fair values of derivative financial instruments	**4,861**	**7,447**
Interest-based transactions	3,219	5,863
Currency-based transactions	658	732
Equity-/index-based transactions	853	835
Credit derivatives business	11	13
Other transactions	120	5
Short-selling of trading assets	**561**	**622**
Call/time deposits from trading purposes	**0**	**10**
Certificates issued	**660**	**745**
Total	**6,082**	**8,824**

(26) Derivatives

In € million	30/6/2013	31/12/2012
Negative fair values of derivatives in fair value hedges (IAS 39)	188	117
Negative fair values of derivatives in cash flow hedges (IAS 39)	47	3
Negative fair values of credit derivatives	0	1
Negative fair values of derivative financial instruments	226	351
Total	**462**	**472**

(27) Other liabilities

In € million	30/6/2013	31/12/2012
Liabilities from non-banking activities	92	96
Accruals and deferred items	257	269
Liabilities from dividends	249	1
Clearing claims from securities and payment transfer business	1,379	515
Re-/Devaluation of portfolio-hedged underlyings	31	48
Any other business	695	587
Total	**2,703**	**1,515**

(28) Subordinated capital

In € million	30/6/2013	31/12/2012
Hybrid tier 1 capital	446	450
Subordinated liabilities	3,097	3,183
Supplementary capital	304	304
Total	**3,847**	**3,937**

(29) Equity

In € million	30/6/2013	31/12/2012[1]
Consolidated equity	9,464	9,424
Subscribed capital	595	595
Participation capital	2,500	2,500
Capital reserves	2,574	2,574
Retained earnings	3,795	3,755
Consolidated profit	277	730
Non-controlling interests	688	719
Total	**10,428**	**10,873**

1 Adaption of previous year figures due to the retrospective application of IAS 19.

The subscribed capital of RBI AG as defined by the articles of incorporation amounts to € 596 million. After deduction of 557,295 own shares, the stated subscribed capital totaled € 595 million.

Risk report

(30) Risks arising from financial instruments

Active risk management is a core competency of RBI. In order to effectively identify, measure, and manage risks, the Group has implemented comprehensive risk management and controlling. The risk management system is an integral part of overall bank management and it is continuously being developed. RBI's risk management is geared toward ensuring that credit and country risks, market and liquidity risks, risks arising from holdings and operational risks are dealt with conscientiously and managed professionally. The principles and organization of risk management are disclosed in the relevant chapters of the 2012 Annual Report, pages 168 ff.

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 and 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 the economic capital attributed to the unit (return on risk-adjusted capital, RoRAC).

Risk contribution of individual risk types to economic capital:

In € million	30/6/2013	Share	31/12/2012	Share
Credit risk private individuals	2,418	25.0%	2,457	26.5%
Credit risk corporate customers	2,374	24.6%	2,384	25.7%
Credit risk sovereigns	950	9.8%	962	10.4%
Credit risk financial institutions	312	3.2%	312	3.4%
Market risk	1,127	11.7%	791	8.5%
Operational risk	788	8.1%	775	8.4%
Liquidity risk	345	3.6%	207	2.2%
Participation risk	193	2.0%	194	2.1%
Other tangible fixed assets	406	4.2%	411	4.4%
Macroeconomic risk	293	3.0%	338	3.6%
Risk buffer	460	4.8%	442	4.8%
Total	**9,666**	**100.0%**	**9,272**	**100.0%**

Regional allocation of economic capital according to booking Group unit:

In € million	30/6/2013	Share	31/12/2012	Share
Central Europe	3,436	35.6%	3,447	37.2%
Southeastern Europe	1,853	19.2%	1,773	19.1%
Austria	1,805	18.7%	1,794	19.4%
Russia	1,439	14.9%	1,227	13.2%
CIS Other	828	8.6%	797	8.6%
Rest of the world	305	3.2%	233	2.5%
Total	**9,666**	**100.0%**	**9,272**	**100.0%**

RBI uses a confidence level of 99.95 per cent for calculating economic capital. This confidence level is derived from the probability of default implied by the target rating. The objective of calculating economic capital is to determine the amount of capital that would be required for servicing all of the claims of customers and creditors even in the case of such an extremely rare loss event.

Credit risk

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

The following table translates items of the statement of financial position (banking and trading book positions) into the maximum credit exposure, which is used in portfolio management. 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 total assessment of credit risks. The total credit exposure is used – if not explicitly stated otherwise – for showing exposures in all subsequent charts in the risk report. The reasons for the deviation between the figures of internal portfolio management and external accounting are the different scopes of consolidation (regulatory versus IFRS, i.e. corporate legal basis) and different presentations of exposure volumes.

In € million	30/6/2013	31/12/2012
Cash reserve	2,417	4,272
Loans and advances to banks	21,460	22,323
Loans and advances to customers	81,942	83,343
Trading assets	7,669	9,813
Derivatives	1,002	1,405
Financial investments	13,769	12,741
Other assets	338	217
Contingent liabilities	11,068	11,707
Commitments	10,734	10,609
Revocable credit lines	16,663	16,224
Description differences	(1,888)	(2,558)
Total	**165,174**	**170,097**

Items on the statement of financial position contain only credit risk parts.

A more detailed credit portfolio analysis is based on individual customer ratings. Ratings are performed separately for different asset classes using internal risk classification models (rating and scoring models), which are validated by a central organization unit. Default probabilities assigned to individual rating grades are estimated for each asset class separately. As a consequence the default probability of the same ordinal rating grade (e.g. corporates 1.5, financial institutions A3, and sovereigns A3) is different between these asset classes.

Rating models in the main non-retail asset classes – corporates, financial institutions, and sovereigns – are uniform in all Group units and rank creditworthiness in 10 classes. For retail asset classes, country specific scorecards are developed based on uniform Group standards. Customer rating, as well as validation is supported by specific software tools (e.g. for business valuation, rating and default database).

Credit portfolio – Corporates

The following table shows the total credit exposure by internal rating for corporate customers (large corporates and mid-market). When making an overall assessment of credit risk, collateral and recovery rates in the event of default must also be taken into account.

In € million		30/6/2013	Share	31/12/2012	Share
0.5	Minimal Risk	1,285	1.6%	1,185	1.5%
1.0	Excellent credit standing	8,325	10.3%	8,439	10.4%
1.5	Very good credit standing	9,575	11.9%	8,983	11.1%
2.0	Good credit standing	12,527	15.6%	12,419	15.4%
2.5	Sound credit standing	11,316	14.0%	11,745	14.5%
3.0	Acceptable credit standing	12,144	15.1%	12,451	15.4%
3.5	Marginal credit standing	10,630	13.2%	11,276	13.9%
4.0	Weak credit standing/sub-standard	5,293	6.6%	5,223	6.5%
4.5	Very weak credit standing/doubtful	3,381	4.2%	3,361	4.2%
5.0	Default	4,957	6.2%	4,926	6.1%
NR	Not rated	1,112	1.4%	887	1.1%
Total		**80,548**	**100.0%**	**80,896**	**100.0%**

Compared to year-end 2012, total credit exposure for corporate customers decreased € 348 million to € 80,548 million. At the end of the second quarter, the largest segment in terms of corporate customers was Group Corporates with € 31,446 million, followed by Central Europe with € 17,779 million and Russia with € 10,501 million. The rest is divided between Southeastern Europe with € 10,329 million, Group Markets with € 5,499 million, CIS Other with € 4,149 million and Corporate Center with € 844 million.

The share of loans with good to minimum risk credit profiles rose from 38.4 per cent to 39.4 per cent, while the share of loans with increased credit risk or even weaker credit profiles decreased slightly from 24.6 per cent to 24.0 per cent. This improvement resulted on the one hand from the increased creditworthiness of existing customers leading to an increase in the internal rating, and on the other hand, it reflects the loan portfolio's active management. Based thereon, the portfolio's growth is strongly focused on economically thriving markets such as Russia, with new loans granted primarily to customers with good credit ratings and in accordance with strict lending standards. The highest rise compared to year-end 2012 was reported in the segment CIS Other with an increase of € 467 million. The increase was due to new commitment lines (€ 219 million) and facilities (€ 170 million).

The share of default loans under Basel II (rating 5.0) was 6.2 per cent of total credit exposure (€ 4,957 million).

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

In € million	30/6/2013	Share	31/12/2012	Share
Central Europe	17,779	22.1%	17,986	22.2%
Austria	15,751	19.6%	15,536	19.2%
Russia	10,501	13.0%	10,237	12.7%
Southeastern Europe	10,329	12.8%	10,370	12.8%
Western Europe	9,820	12.2%	10,343	12.8%
Asia	6,439	8.0%	6,888	8.5%
CIS Other	4,149	5.2%	3,682	4.6%
Other	5,780	7.2%	5,852	7.2%
Total	**80,548**	**100.0%**	**80,896**	**100.0%**

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

In € million	30/6/2013	Share	31/12/2012	Share
Wholesale and retail trade	21,211	23.9%	21,051	23.6%
Manufacturing	19,190	21.6%	18,580	20.8%
Real estate	9,465	10.6%	9,838	11.0%
Financial intermediation	9,292	10.5%	9,623	10.8%
Construction	6,254	7.0%	6,787	7.6%
Transport, storage and communication	4,320	4.9%	3,747	4.2%
Other industries	19,187	21.6%	19,691	22.0%
Total	**88,918**	**100.0%**	**89,317**	**100.0%**

The rating model for project finance has five different grades and takes into account both the individual probability of default and the available collateral. The exposure from project finance is shown in the table below:

In € million		30/6/2013	Share	31/12/2012	Share
6.1	Excellent project risk profile – very low risk	3,425	40.9%	3,734	44.3%
6.2	Good project risk profile – low risk	2,878	34.4%	2,523	30.0%
6.3	Acceptable project risk profile – average risk	1,201	14.3%	1,241	14.7%
6.4	Poor project risk profile – high risk	408	4.9%	391	4.6%
6.5	Default	443	5.3%	503	6.0%
NR	Not rated	16	0.2%	29	0.3%
Total		**8,370**	**100.0%**	**8,421**	**100.0%**

The credit exposure in project finance amounted to € 8,370 million at the end of the second quarter of 2013, with the two best rating grades – Excellent project risk profile, with a very low risk and Good project risk profile, with a low risk – accounting for the highest share, at 75.3 per cent. This reflects mainly the high level of collateralization in such specialized lending transactions. Compared to year-end 2012, the share of unrated loans decreased to 0.2 per cent (€ 16 million).

Credit portfolio – 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 of the behavioral scoring based on account data. The table below provides a breakdown of RBI's retail credit exposure:

In € million	30/6/2013	Share	31/12/2012[1]	Share
Retail customers – private individuals	26,132	89.1%	25,856	88.7%
Retail customers – small and medium-sized entities	3,202	10.9%	3,278	11.3%
Total	**29,333**	**100.0%**	**29,134**	**100.0%**
hereof non-performing loans	3,039	10.4%	3,054	10.5%
hereof individual loan loss provision	1,740	5.9%	1,678	5.8%
hereof portfolio-based loan loss provision	476	1.6%	572	2.0%

1 Adaption of previous year figures due to different disclosure.

The total credit exposure of retail customers breaks down by segments as follows (excluding Corporate Center):

30/6/2013 In € million	Central Europe	Southeastern Europe	Russia	CIS Other	Group Markets
Retail customers – private individuals	13,614	6,699	4,276	1,527	16
Retail customers – small and medium-sized entities	2,097	763	67	274	0
Total	**15,711**	**7,462**	**4,343**	**1,801**	**16**
hereof non-performing loans	1,567	615	184	668	1
hereof individual loan loss provision	744	384	154	452	0
hereof portfolio-based loan loss provision	371	56	25	24	0

31/12/2012 In € million	Central Europe[1]	Southeastern Europe[1]	Russia	CIS Other	Group Markets
Retail customers – private individuals	13,949	6,580	3,681	1,630	16
Retail customers – small and medium-sized entities	2,265	800	55	157	0
Total	**16,214**	**7,380**	**3,736**	**1,788**	**16**
hereof non-performing loans	1,580	585	190	692	1
hereof individual loan loss provision	684	358	161	469	0
hereof portfolio-based loan loss provision	474	60	15	22	0

1 Adaption of previous year figures due to different disclosure.

Compared to year-end 2012, the total credit exposure to retail customers rose by € 199 million to € 29,333 million in the second quarter of 2013. The highest volume amounting to € 15,711 million was booked in the segment Central Europe. Compared to year-end 2012, this represents a reduction of € 503 million resulting from a decrease of loans to private individuals in Poland which was partly offset by an increase of loans to private individuals in Slovakia. Southeastern Europe ranks second with a credit exposure of € 7,462 million. Compared to year-end 2012, this represents a slight increase. The segment Russia reported the highest increase with plus € 607 million.

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

In € million	30/6/2013	Share	31/12/2012[1]	Share
Mortgage loans	15,767	53.8%	14,447	49.6%
Personal loans	5,672	19.3%	6,580	22.6%
Credit cards	2,287	7.8%	2,326	8.0%
Car loans	2,178	7.4%	2,457	8.4%
Overdraft	1,876	6.4%	1,990	6.8%
SME financing	1,553	5.3%	1,334	4.6%
Total	**29,333**	**100.0%**	**29,134**	**100.0%**

1 Adaption of previous year figures.

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

In € million	30/6/2013	Share	31/12/2012	Share
Swiss franc	4,761	47.3%	5,110	48.6%
Euro	4,083	40.6%	4,054	38.6%
US-Dollar	1,093	10.9%	1,199	11.4%
Other foreign currencies	119	1.2%	141	1.3%
Loans in foreign currencies	**10,056**	**100.0%**	**10,504**	**100.0%**
Share of total loans	**34.3%**		**36.1%**	

Compared to year-end 2012, foreign currency loans in Swiss francs and US-Dollars declined, while those in Euro increased slightly by € 29 million.

Credit portfolio – Financial institutions

The financial institutions asset class mainly contains 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). Due to the limited number of customers (or observable defaults), the default probabilities of individual rating categories in this asset class are estimated based on a combination of internal and external data.

In € million		30/6/2013	Share	31/12/2012	Share
A1	Excellent credit standing	265	0.9%	96	0.3%
A2	Very good credit standing	985	3.4%	986	3.0%
A3	Good credit standing	14,080	48.7%	19,974	61.0%
B1	Sound credit standing	8,501	29.4%	7,338	22.4%
B2	Average credit standing	2,379	8.2%	1,782	5.4%
B3	Mediocre credit standing	1,223	4.2%	1,047	3.2%
B4	Weak credit standing	658	2.3%	697	2.1%
B5	Very weak credit standing	341	1.2%	330	1.0%
C	Doubtful/high default risk	177	0.6%	157	0.5%
D	Default	235	0.8%	269	0.8%
NR	Not rated	83	0.3%	49	0.1%
Total		**28,929**	**100.0%**	**32,725**	**100.0%**

Total credit exposure amounted to € 28,929 million in the second quarter of 2013, which represents a decline of € 3,796 million compared to the year-end 2012. At € 14,080 million, or 48.7 per cent, the bulk of this customer group was in the A3 rating class, which decreased by € 5,894 million compared to year-end 2012. This decline resulted from a contraction in the swap and money-market transactions.

At € 22,868 million or 79.0 per cent, the segment Group Markets had the largest share of the loan portfolio with financial institutions, followed by the segment Group Corporates with € 1,892 million, or 6.5 per cent.

The table below shows the total credit exposure to financial institutions (excluding central banks) selected by products:

In € million	30/6/2013	Share	31/12/2012	Share
Derivatives	8,348	28.9%	12,124	37.0%
Money market	7,545	26.1%	9,444	28.9%
Repo	5,486	19.0%	4,737	14.5%
Loans	3,807	13.2%	3,580	10.9%
Bonds	3,052	10.6%	2,162	6.6%
Other	690	2.4%	678	2.1%
Total	**28,929**	**100.0%**	**32,725**	**100.0%**

Credit portfolio – Sovereigns

Another asset class is formed by central governments, central banks and regional municipalities, 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		30/6/2013	Share	31/12/2012	Share
A1	Excellent credit standing	1,383	7.7%	1,561	8.2%
A2	Very good credit standing	1,165	6.5%	793	4.2%
A3	Good credit standing	3,269	18.2%	3,861	20.4%
B1	Sound credit standing	2,561	14.2%	2,730	14.4%
B2	Average credit standing	870	4.8%	1,272	6.7%
B3	Mediocre credit standing	3,604	20.0%	3,415	18.0%
B4	Weak credit standing	3,521	19.6%	3,795	20.1%
B5	Very weak credit standing	1,575	8.8%	1,172	6.2%
C	Doubtful/high default risk	0	0.0%	232	1.2%
D	Default	37	0.2%	83	0.4%
NR	Not rated	8	0.0%	7	0.0%
Total		**17,993**	**100.0%**	**18,921**	**100.0%**

Compared to year-end 2012, the credit exposure to sovereigns sank € 928 million to € 17,993 million in the second quarter of 2013, which represents 10.9 per cent of the bank's total credit exposure.

The rating class Excellent credit standing (A1 rating) reported a decline of € 178 million. This was attributable to a decrease of deposits with the Austrian National Bank (minus € 667 million) which was only partly compensated by a portfolio increase of Austrian state bonds (plus € 454 million).

The intermediate rating classes Good credit standing (A3 rating) to Mediocre credit standing (B3 rating) accounted for the highest share with 57.2 per cent. The high level of exposure in the intermediate rating classes was mainly due to deposits of Group units in Central and Southeastern Europe at their local central banks. These are mandatory for meeting the respective minimum reserve requirements or used to manage excess liquidity on a short-term basis, and are therefore inextricably linked to the business activities in these countries. The exposure in rating classes B4 and B5 amounted to € 5,096 million, or 28.3 per cent, of total loans outstanding. Loans in the lower rating classes (C and D rating) declined due to a rating improvement in Belarus and the debt conversion to regional governments in Hungary.

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

In € million	30/6/2013	Share	31/12/2012	Share
Bonds	12,495	69.4%	12,273	64.9%
Loans	4,516	25.1%	5,312	28.1%
Derivatives	754	4.2%	795	4.2%
Other	227	1.3%	541	2.9%
Total	**17,993**	**100.0%**	**18,921**	**100.0%**

The table below shows the credit exposure to the public sector in non-investment grade (rating B3 and below):

In € million	30/6/2013	Share	31/12/2012	Share
Romania	1,961	22.4%	1,808	20.8%
Hungary	1,904	21.8%	2,234	25.7%
Croatia	1,041	11.9%	1,023	11.7%
Albania	928	10.6%	976	11.2%
Ukraine	880	10.1%	766	8.8%
Other	2,029	23.2%	1,898	21.8%
Total	**8,744**	**100.0%**	**8,704**	**100.0%**

Compared to year-end 2012, the credit exposure to non-investment grade sovereigns increased € 40 million to € 8,744 million. It resulted mainly from deposits of Group units with the local central banks in Central and Southeastern Europe. They are used for meeting the respective minimum reserve requirements and for managing the short-term investment of excess liquidity, and are therefore inextricably linked to the business activities in these countries.

Non-performing loans and provisioning

The table below shows the share of non-performing loans (NPL) in the defined asset classes loans and advances to customers and loans and advances to banks (excluding items off the statement of financial position) in the statement of financial position and the corresponding share of provisioning:

	NPL		NPL ratio		NPL coverage ratio	
In € million	**30/6/2013**	**31/12/2012**	**30/6/2013**	**31/12/2012**	**30/6/2013**	**31/12/2012**
Corporate customers	5,072	5,073	9.4%	9.1%	64.1%	63.5%
Retail customers	3,037	3,052	11.4%	11.5%	73.0%	73.7%
Sovereigns	28	57	1.7%	4.1%	18.5%	19.8%
Total nonbanks	**8,137**	**8,183**	**9.9%**	**9.8%**	**67.3%**	**67.0%**
Banks	179	202	0.8%	0.9%	78.9%	78.2%
Total	**8,316**	**8,385**	**8.0%**	**7.9%**	**67.5%**	**67.3%**

The table below shows the share of non-performing loans (NPL) in the defined asset classes loans and advances to customers and loans and advances to banks (excluding items off the statement of financial position) as reported in the statement of financial position and the corresponding share of provisioning, selected by segments:

	NPL		NPL ratio		NPL coverage ratio	
In € million	**30/6/2013**	**31/12/2012**	**30/6/2013**	**31/12/2012**	**30/6/2013**	**31/12/2012**
Central Europe	3,440	3,447	11.1%	10.8%	63.9%	64.0%
Southeastern Europe	1,936	1,808	11.6%	10.9%	62.1%	62.0%
Russia	444	489	3.3%	3.8%	100.4%	100.0%
CIS Other	1,284	1,307	24.4%	24.7%	70.4%	70.2%
Group Corporates	805	923	3.9%	4.7%	66.5%	60.6%
Group Markets	375	410	2.2%	2.0%	83.0%	79.8%
Corporate Center	33	0	0.5%	0.0%	55.4%	0.0%
Total	**8,316**	**8,385**	**8.0%**	**7.9%**	**67.5%**	**67.3%**

The table below shows the development of non-performing loans in the defined asset classes loans and advances to customers and loans and advances to banks (excluding items off the statement of financial position) as reported in the statement of financial position:

In € million	As of 1/1/2013	Change in consolidated group	Exchange differences	Additions	Disposals	As of 30/6/2013
Corporate customers	5,073	0	(35)	719	(686)	5,072
Retail customers	3,052	0	(56)	540	(500)	3,037
Sovereigns	57	0	(1)	14	(42)	28
Total nonbanks	**8,183**	**0**	**(91)**	**1,273**	**(1,228)**	**8,137**
Banks	202	0	0	1	(23)	179
Total	**8,385**	**0**	**(91)**	**1,274**	**(1,251)**	**8,316**

In Corporate Customers, total non-performing loans decreased € 1million to € 5,072 million in the first half year 2013. The ratio of non-performing loans to total credit exposure however rose 0.3 percentage points to 9.4 per cent, the NPL coverage ratio went up 0.6 percentage points to 64.1 per cent. In the retail porfolio, non-performing loans declined 0.5 per cent, or € 15 million, to € 3,037 million. The ratio of non-performing loans to total credit exposure decreased 0.1 percentage points to 11.4 per cent, while the NPL coverage ratio sank 0.7 percentage points to 73.0 per cent. Non-performing loans for financial institutions amounted to € 179 million at the end of the first half year 2013, thus representing a decrease of € 22 million compared to year-end 2012 and the NPL coverage ratio rose 0.7 percentage points to 78.9 per cent.

In Southeastern Europe, non-performing loans increased 7.1 per cent, or € 128 million, to € 1,936 million. At the same time the ratio of non-performing loans to credit exposure rose 0.7 percentage points to 11.6 per cent and the NPL coverage rose 0.1 percentage points to 62.1 per cent. In the segment CIS Other, non-performing loans sank 1.8 per cent, or € 23 million, to € 1,284 million. NPL ratio decreased 0.3 percentage points to 24.4 per cent and the NPL coverage ratio however went up 0.2 percentage points to 70.4 per cent. In Central Europe, non-performing loans sank 0.2 per cent, or € 7 million, to € 3,440 million. NPL ratio rose 0.3 percentage points to 11.1 per cent and the NPL coverage ratio however decreased 0.1 percentage points to 63.9 per cent.

The following table shows the development of impairment losses on loans and provisions for liabilities off the statement of financial position:

In € million	As of 1/1/2013	Change in consolidated group	Allocation[1]	Release	Usage [2]	Transfers, exchange differences	As of 30/6/2013
Individual loan loss provision	4,843	(30)	889	(433)	(419)	30	4,880
Portfolio-based loan loss provisions	950	(2)	217	(196)	0	(109)	860
Total	**5,793**	**(32)**	**1,106**	**(630)**	**(419)**	**(79)**	**5,740**

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

RBI's credit portfolio 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 loans reflects the broad diversification of credit business in the European markets. The following table shows the regional distribution of the credit exposure of all asset classes by the borrower's home country and grouped by region:

In € million	30/6/2013	Share	31/12/2012	Share
Austria	**28,103**	**17.0%**	**30,710**	**18.1%**
Central Europe	**45,520**	**27.6%**	**47,879**	**28.1%**
Poland	13,709	8.3%	14,599	8.6%
Slovakia	11,568	7.0%	11,426	6.7%
Czech Republic	10,263	6.2%	11,090	6.5%
Hungary	8,127	4.9%	8,735	5.1%
Other	1,853	1.1%	2,030	1.2%
European Union	**22,512**	**13.6%**	**23,034**	**13.5%**
Germany	5,707	3.5%	6,198	3.6%
France	5,343	3.2%	5,262	3.1%
Great Britain	4,540	2.7%	6,932	4.1%
Netherlands	1,829	1.1%	1,436	0.8%
Other	5,093	3.1%	3,206	1.9%
Southeastern Europe	**25,037**	**15.2%**	**24,587**	**14.5%**
Romania	8,556	5.2%	8,006	4.7%
Croatia	5,564	3.4%	5,663	3.3%
Bulgaria	4,262	2.6%	4,263	2.5%
Serbia	2,229	1.3%	2,073	1.2%
Other	4,425	2.7%	4,581	2.7%
Russia	**20,117**	**12.2%**	**19,861**	**11.7%**

In € million	30/6/2013	Share	31/12/2012	Share
Asia	**9,553**	**5.8%**	**9,670**	**5.7%**
China	3,927	2.4%	4,167	2.4%
Other	5,626	3.4%	5,503	3.2%
CIS Other	**8,003**	**4.8%**	**7,409**	**4.4%**
Ukraine	6,070	3.7%	5,633	3.3%
Other	1,933	1.2%	1,776	1.0%
North America	**3,520**	**2.1%**	**3,496**	**2.1%**
Rest of the world	**2,809**	**1.7%**	**3,451**	**2.0%**
Total	**165,174**	**100.0%**	**170,097**	**100.0%**

RBI does not own any banking subsidiaries that are incorporated in the so-called European periphery countries. Nonetheless, some of the bank's loans and advances are to customers domiciled in theses countries and result from credit financing and capital markets activities. All in all, the Group has almost no exposure to government bonds in these countries (except for the Republic of Italy).

Market risk

Market risk management is based on figures from an internal model that calculates value-at-risk (VaR) for changes in the following risk factors: foreign exchange, interest rate changes, credit spreads and equity indices. The Austrian financial market authority and the Austrian national bank have approved this model, and it is used to calculate own fund requirements for market risk.

The following table lists risk measures for overall market risk in the trading and banking book for each risk type. The VaR is dominated by risk arising from equity positions held in foreign currencies, structural interest risks and spread risks on the bond books (frequently held as a liquidity reserve).

Total VaR 99% 1d In € million	VaR as of 30/6/2013	Average VaR	Minimum VaR	Maximum VaR	VaR as of 31/12/2012
Currency risk	72	57	41	85	52
Interest rate risk	22	17	11	30	17
Credit spread risk	43	28	19	53	21
Share price risk	2	2	2	2	2
Vega risk	1	1	1	1	1
Total	103	81	67	116	71

Excange 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 all items on the statement of financial position and transactions off the statement of financial position. 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	30/6/2013			31/12/2012		
Maturity	1 week	1 month	1 year	1 week	1 month	1 year
Liquidity gap	17,080	14,869	12,007	14,823	12,225	13,467
Liquidity ratio	152%	129%	112%	135%	118%	110%

Compared to year-end 2012, the liquidity ratios of RBI increased mainly in the short-term maturity buckets. Internal limts are used in each Group unit in order to limit liquidity risk. They require a positive short-term liquidity gap based on the internal liquidity model.

The Group holds sizeable amounts of liquid securities and favors assets eligible in tender transactions in the lending business in order to ensure liquidity in various currencies. In the case of a liquidity shortage in the Group, contingency plans would come into force. Such prioritized action lists for handling short-term liquidity needs exist for all major Group units.

Additional notes

(31) Contingent liabilities and commitments

In € million	30/6/2013	31/12/2012
Contingent liabilities	**11,068**	**11,707**
Acceptances and endorsements	47	38
Credit guarantees	6,056	6,507
Other guarantees	2,320	2,375
Letters of credit (documentary business)	2,511	2,733
Other contingent liabilities	133	54
Commitments	**10,734**	**10,609**
Irrevocable credit lines and stand-by facilities	10,734	10,609
Up to 1 year	3,697	3,971
More than 1 year	7,037	6,638

(32) Derivatives

30/6/2013	Nominal amount by maturity				Fair values	
In € million	Up to 1 year	1 year to 5 years	More than 5 years	Total	Positive	Negative
Interest rate contracts	41,302	62,141	42,173	145,616	4,146	(3,557)
Foreign exchange rate and gold contracts	44,704	10,336	2,390	57,431	704	(781)
Equity/index contracts	1,761	1,371	311	3,443	122	(853)
Commodities	292	150	13	455	7	(103)
Credit derivatives	176	1,705	5	1,886	19	(12)
Precious metals contracts	15	42	12	69	0	(17)
Total	**88,250**	**75,746**	**44,905**	**208,900**	**4,998**	**(5,324)**

31/12/2012	Nominal amount by maturity				Fair values	
In € million	Up to 1 year	1 year to 5 years	More than 5 years	Total	Positive	Negative
Interest rate contracts	51,069	85,144	53,149	189,361	7,246	(6,292)
Foreign exchange rate and gold contracts	49,700	11,606	2,259	63,565	848	(774)
Equity/index contracts	1,503	1,308	345	3,156	107	(835)
Commodities	232	78	14	324	4	(2)
Credit derivatives	312	1,573	5	1,889	16	(14)
Precious metals contracts	43	36	17	96	0	(3)
Total	**102,858**	**99,745**	**55,789**	**258,392**	**8,221**	**(7,919)**

(33) Fair Value of financial instruments not reported at fair value

In € million	30/6/2013 Fair value	Carrying amount	Difference	31/12/2012 Fair value	Carrying amount	Difference
Assets						
Cash reserve	4,451	4,451	0	6,557	6,557	0
Loans and advances to banks	21,345	21,319	26	22,226	22,166	60
Loans and advances to customers	76,639	76,468	170	77,990	77,859	131
Financial investments	5,077	4,970	107	5,104	4,956	149
Liabilities						
Deposits from banks	27,386	27,495	(109)	30,175	30,186	(11)
Deposits from customers	67,019	66,575	444	66,539	66,297	242
Debt securities issued	10,015	9,888	127	10,765	10,812	(47)
Subordinated capital	3,164	3,176	(12)	2,805	3,057	(252)

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

In € million	30/6/2013 Level I	Level II	Level III	31/12/2012 Level I	Level II	Level III
Trading assets	**2,851**	**5,112**	**94**	**2,118**	**8,305**	**93**
Positive fair values of derivatives[1]	119	4,173	93	100	7,327	93
Shares and other variable-yield securities	287	5	1	265	12	1
Bonds, notes and other fixed-interest securities	2,445	923	0	1,754	965	0
Call/time deposits from trading purposes	0	12	0	0	0	0
Financial assets at fair value through profit or loss	**6,653**	**2,744**	**23**	**5,099**	**3,233**	**16**
Shares and other variable-yield securities	42	112	5	48	105	5
Bonds, notes and other fixed-interest securities	6,611	2,632	18	5,051	3,128	11
Financial assets available-for-sale	**11**	**0**	**0**	**56**	**0**	**0**
Other interests[2]	11	0	0	56	0	0
Bonds, notes and other fixed-interest securities	0	0	0	0	0	0
Shares and other variable-yield securities	0	0	0	0	0	0
Derivatives (hedging)	**0**	**613**	**0**	**0**	**702**	**0**
Positive fair values of derivatives from hedge accounting	0	613	0	0	702	0

In € million	30/6/2013 Level I	Level II	Level III	31/12/2012 Level I	Level II	Level III
Trading liabilities	**778**	**5,507**	**24**	**788**	**8,361**	**28**
Negative fair values of derivatives financial instruments[1]	217	4,854	17	165	7,613	20
Call/time deposits from trading purposes	0	0	0	0	10	0
Short-selling of trading assets	561	0	0	622	0	0
Certificates issued	0	653	7	0	738	7
Liabilities at fair value through profit and loss	**0**	**2,818**	**0**	**0**	**3,358**	**0**
Debt securities issued	0	2,147	0	0	2,478	0
Subordinated capital	0	671	0	0	880	0
Derivatives (hedging)	**0**	**236**	**0**	**0**	**120**	**0**
Negative fair values of derivatives from hedge accounting	0	236	0	0	120	0

1 Including other derivatives.
2 Includes only securities traded on the stock exchange.

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

Compared to year-end 2012, the share of financial assets according to Level II changed only slightly. The decrease resulted primarily from the reduction of the fair values of derivative financial instruments. Regarding bonds, notes and other fixed-interest securities, there was a slight shift from Level II to Level I, which is due to an increase in market liquidity for individual securities.

Movements in Level III of financial instruments at fair value

The following tables show the changes in the fair value of financial instruments whose valuation models are based on unobservable parameters.

In € million	As of 1/1/2013	Changes in consolidated group	Exchange differences	Purchases	Sales, repayment
Trading assets	93	0	(1)	0	0
Financial assets at fair value through profit or loss	16	0	0	13	(10)

In € million	Gains/loss in P/L	Gains/loss in other comprehensive income	Transfer to level III	Transfer from level III	As of 30/6/2013
Trading assets	1	0	0	0	94
Financial assets at fair value through profit or loss	(1)	0	5	0	23

In € million	As of 1/1/2013	Changes in consolidated group	Exchange differences	Purchases	Sales, repayment
Trading liabilities	28	0	0	0	0

In € million	Gains/loss in P/L	Gains/loss in other comprehensive income	Transfer to level III	Transfer from level III	As of 30/6/2013
Trading liabilities	(3)	0	0	0	24

Qualitative information for the valuation of financial instruments in Level III

Financial assets	Type	Fair value in € million	Valuation technique	Significant unobservable inputs	Range of unobservable inputs
Shares and other variable-yield securities	Closed end real estate fund	1	Net asset value	Haircuts	20 – 50%
Shares and other variable-yield securities	Shares	5	Approximati on method	–	–
Bonds, notes and other fixed-interest securities	Fixed coupon bonds	17	Discounted cash flow	Credit spread	10 - 20%
Bonds, notes and other fixed-interest securities	Asset backed securities	1	Broker estimate	Probability of default Loss severity Expected prepayment rate	–
Positive fair value of banking book derivatieves without hedge accounting	Forward foreign exchange contracts	93	Discounted cash flow	Interest rate	10 - 30%
Total		**117**			

Financial liabilities	Type	Fair value in € million	Valuation technique	Significant unobservable inputs	Range of unobservable inputs
Negative fair value of banking book derivatieves without hedge accounting	OTC options	17	Option model	Closing Period Currency risk LT volatility Index category	2 – 16% 0 – 5% 0 – 3% 0 – 5%
Issued certificates for trading purposes	Certificates	7	Option model	Closing period Bid-Ask Spread LT Volatility Index category	0 – 3% 0 – 3% 0 – 3% 0 – 2.5%
Total		**24**			

(35) Related parties

Transactions with related parties that are natural persons are limited to banking business transactions that are carried out at fair market conditions. Moreover, members of the Management Board hold shares of Raiffeisen Bank International AG. Detailed information regarding this issue is published on the homepage of Raiffeisen Bank International. Further business transactions, especially large banking business transactions with related parties that are natural persons, were not concluded in the current financial year.

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

30/6/2013 **In € million**	**Parent companies**	**Affiliated companies**	**Companies valued at equity**	**Other interests**
Loans and advances to banks	6,042	86	296	100
Loans and advances to customers	0	1,324	23	263
Trading assets	0	32	16	2
Financial investments	0	350	2	123
Investments in associates	0	0	5	0
Other assets including derivatives	4	19	0	2
Deposits from banks	5,647	78	4,878	115
Deposits from customers	1	432	264	279
Provisions for liabilities and charges	0	0	0	0
Trading liabilities	0	15	0	0
Other liabilities including derivatives	22	188	0	0
Subordinated capital	50	0	0	0
Guarantees given	0	110	3	16
Guarantees received	601	406	178	59

31/12/2012 **In € million**	**Parent companies**	**Affiliated companies**	**Companies valued at equity**	**Other interests**
Loans and advances to banks	8,191	93	259	142
Loans and advances to customers	0	1,191	369	271
Trading assets	0	41	12	2
Financial investments	0	339	2	118
Investments in associates	0	0	5	0
Other assets including derivatives	3	15	62	0
Deposits from banks	6,125	10	5,105	224
Deposits from customers	1	336	429	179
Provisions for liabilities and charges	0	3	0	0
Trading liabilities	0	26	0	0
Other liabilities including derivatives	0	10	0	0
Subordinated capital	52	0	0	0
Guarantees given	0	80	26	21
Guarantees received	662	435	153	54

(36) Regulatory own funds

RBI does not form an independent credit institution group as defined by the Austrian Banking Act (BWG) and therefore is not subject to the regulatory provisions on a consolidated basis as it is part of the RZB 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	30/6/2013	31/12/2012
Paid-in capital	5,669	5,669
Earned capital	3,019	3,071
Non-controlling interests	656	848
Hybrid tier 1 capital	441	441
Intangible fixed assets	(742)	(750)
Core capital (tier 1 capital)	**9,043**	**9,279**
Deductions from core capital	(15)	(14)
Eligible core capital (after deductions)	**9,027**	**9,265**
Supplementary capital according to Section 23 (1) 5 BWG	0	0
Provision excess of internal rating approach positions	227	226
Hidden reserves	10	34
Long-term subordinated capital	2,986	3,080
Additional own funds (tier 2 capital)	**3,222**	**3,340**
Deduction items: participations, securitizations	(15)	(14)
Eligible additional own funds (after deductions)	**3,207**	**3,326**
Deduction items: insurance companies	0	(8)
Tier 2 capital available to be redesignated as tier 3 capital	279	302
Total own funds	**12,513**	**12,885**
Total own funds requirement	**6,621**	**6,626**
Excess own funds	5,892	6,260
Excess cover ratio	89.0%	94.5%
Core tier 1 ratio, total	10.4%	10.7%
Tier 1 ratio, credit risk	13.3%	13.6%
Tier 1 ratio, total	10.9%	11.2%
Own funds ratio	15.1%	15.6%

The total own funds requirement breaks down as follows:

In € million	30/6/2013	31/12/2012
Risk-weighted assets according to section 22 BWG	**67,816**	**68,136**
of which 8 per cent minimum own funds for the credit risk according to Sections 22a to 22h BWG	5,425	5,451
Standardized approach	2,403	2,439
Internal rating approach	3,023	3,012
Settlement risk	0	0
Own funds requirement for position risk in bonds, equities and commodities	310	273
Own funds requirement for open currency positions	62	56
Own funds requirement for operational risk	823	845
Total own funds requirement	**6,621**	**6,626**

(37) Average number of staff

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

Full-time equivalents	1/1-30/6/2013	1/1-30/6/2012
Austria	2,646	2,683
Foreign	56,747	59,000
Total	**59,393**	**61,683**

(38) Subsequent events

Details are provided in the group management report chapter events after the reporting date.

Statement of legal representatives

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

Vienna, 19 August 2013

The Management Board

Karl Sevelda

Chief Executive Officer responsible for Group Strategy, Human Resources, Internal Audit, Legal & Compliance, Management Secretariat, Organization & Internal Control System, PR, Marketing & Event Management, Corporate Customers, Corporate Sales Management & Development, Group Products and Network Corporate Customers & Support

Johann Strobl

Deputy to the Chief Executive Officer responsible for Credit Management Corporates, Financial Institutions, Country & Portfolio Risk Management, Retail Risk Management, Risk Controlling, Risk Excellence & Projects and Workout

Aris Bogdaneris

Chief Operating Officer responsible for Consumer Banking, Group & Austrian IT, Group Project Management Office, Head Office Operations, International Operations & IT, IT - Markets & Treasury, Lean & Service Excellence and Small Business & Premium Banking

Klemens Breuer

Member of the Management Board responsible for Business Management & Development, Capital Markets, Institutional Clients, Investment Banking Products and Raiffeisen Research

Martin Grüll

Chief Financial Officer responsible for Investor Relations, Planning & Finance, Tax Management and Treasury

Peter Lennkh

Member of the Management Board responsible for International Banking Units and Participations

Publication details/Disclaimer

Publication details

Publisher: Raiffeisen Bank International AG, Am Stadtpark 9, 1030 Vienna, Austria
Editorial Team: Group Investor Relations
Copy deadline: 19 August 2013
Produced in Vienna
Internet: www.rbinternational.com

This report is also available in German.

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