Raiffeisen Bank International

Third Quarter Report 2013

Survey of key data

Raiffeisen Bank International Group

Monetary values in € million	2013	Change	2012
Income statement	**1/1-30/9**		**1/1-30/9**
Net interest income	2,776	7.0%	2,596
Net provisioning for impairment losses	(800)	28.3%	(623)
Net fee and commission income	1,203	7.3%	1,120
Net trading income	240	9.0%	220
General administrative expenses	(2,430)	4.0%	(2,336)
Profit before tax	696	(37.6)%	1,115
Profit after tax	461	(48.2)%	889
Consolidated profit	411	(51.2)%	842
Statement of financial position	**30/9**		**31/12**
Loans and advances to banks	21,589	(3.3)%	22,323
Loans and advances to customers	82,431	(1.1)%	83,343
Deposits from banks	29,617	(1.9)%	30,186
Deposits from customers	67,496	1.8%	66,297
Equity	10,354	(4.8)%	10,873
Total assets	131,034	(3.7)%	136,116
Key ratios	**1/1-30/9**		**1/1-30/9**
Return on equity before tax	8.6%	(5.4) PP	14.1%
Return on equity after tax	5.7%	(5.5) PP	11.2%
Consolidated return on equity	5.4%	(6.2) PP	11.7%
Cost/income ratio	56.9%	(1.5) PP	58.4%
Return on assets before tax	0.70%	(0.30) PP	1.00%
Net interest margin (average interest-bearing assets)	3.08%	0.48 PP	2.60%
NPL ratio	10.3%	0.3 PP	10.0%
Provisioning ratio (average loans and advances to customers)	1.29%	0.29 PP	1.00%
Bank-specific information[1]	**30/9**		**31/12**
Risk-weighted assets (credit risk)	68,132	0.0%	68,136
Total own funds	12,254	(4.9)%	12,885
Total own funds requirement	6,617	(0.1)%	6,626
Excess cover ratio	85.2%	(9.3) PP	94.5%
Core tier 1 ratio, total	10.1%	(0.6) PP	10.7%
Tier 1 ratio, credit risk	12.9%	(0.7) PP	13.6%
Tier 1 ratio, total	10.6%	(0.6) PP	11.2%
Own funds ratio	14.8%	(0.7) PP	15.6%
Stock data	**1/1-30/9**		**1/1-30/9**
Earnings per share in €	1.34	(62.3)%	3.55
Closing price in € (30/9)	24.19	(14.2)%	28.19
High (closing prices) in €	33.59	14.7%	29.29
Low (closing prices) in €	19.96	7.1%	18.64
Number of shares in million (30/9)	195.51	–	195.51
Market capitalization in € million (30/9)	4,729	(14.2)%	5,510
Resources	**30/9**		**31/12**
Employees as of reporting date	58,772	(2.2)%	60,084
Business outlets	3,051	(1.8)%	3,106
Customers in million	14.4	1.9%	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.

Calculations of the loan/deposit ratio and cost/income ratio were - also retrospectively - adapted: loan/deposit ratio is now calculated minus claims and obligations from (reverse) repurchase agreements and securities lending/borrowing whereas cost/income ratio is calculated excluding bank levies.

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

Continuation of expansionary monetary policy

US monetary policy was once again the dominant theme in the international financial markets during the third quarter of 2013: Following the US Federal Reserve's announcement in June of its intention to reduce liquidity injections before the end of the year, the markets initially prepared for a reduction in government bond purchases by the central bank. However, in September US Fed Chairman Ben Bernanke caught markets by surprise with his statement that the loose monetary policy would be maintained. Stock markets responded with noticeable increases. Bond prices likewise rose sharply while yields fell. For several weeks prior to that, markets held their breath over a military intervention in Syria and its unforeseeable consequences for the entire Middle East.

In early October, the US government entered a shutdown for the first time in 17 years as Democrats and Republicans failed to agree on a budget. Most US government agencies halted services and came to a standstill due to the lack of funding, which initially had little influence on the markets. At the last minute, however, the parties managed to resolve their budget dispute. A major uncertainty for global financial market participants was thus removed. The DAX reached a new all-time high; the S&P 500 and ATX also increased.

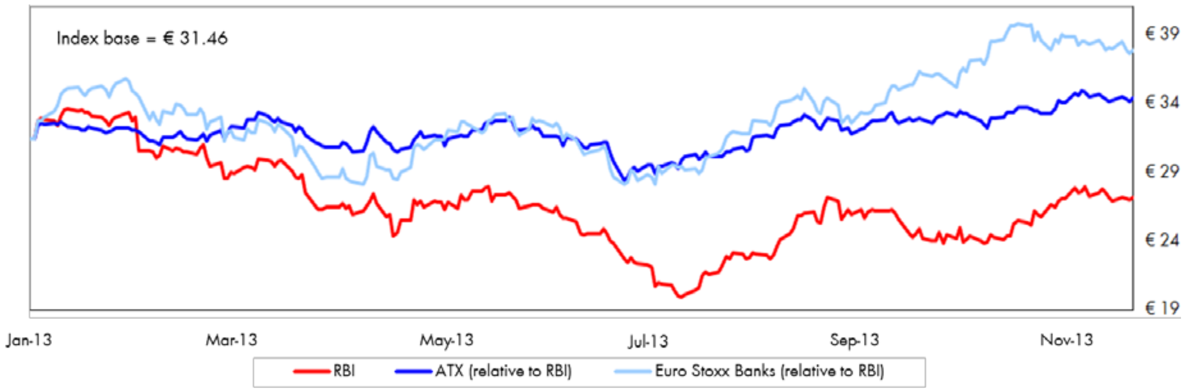
At the same time, positive signals emerged from Italy: Prime Minister Enrico Letta won a vote of confidence in the Senate. Consequently, re-elections and associated market uncertainties were avoided, which investors acknowledged with significantly higher demand for Italian government bonds.

At the beginning of November, the European Central Bank (ECB) surprisingly reduced the key interest rate to a historical low of 0.25 per cent, therewith reacting on the weak price development in October in the Eurozone with an increase of only 0.7 per cent year-on-year.

Performance of RBI stock

RBI stock gained 8.0 per cent in the third quarter of 2013. After opening in July at € 22.40, the stock reached a closing price of € 24.19 on September 30. As of the report's editorial deadline on 21 November 2013 the share traded at € 27.20.

Price performance since 1 January 2013 compared to the ATX and EURO STOXX Banks



Active capital market communication

In the third quarter of 2013, RBI offered interested investors another opportunity to obtain first-hand information at road shows in Amsterdam, Hamburg, London, New York, and Warsaw.

On August 22, alongside the release of results for the first half of 2013, the Management Board of RBI met with investors in Vienna and also held a conference call, at which an estimated 200 international analysts and investors participated. The event is available online as a webcast and can be viewed at: www.rbinternational.com → Investor Relations → Events.

An additional event for investors and analysts took place on September 24 and 25 in London, where Karl Sevelda – for the first time in his role as CEO – addressed the capital market at an international conference and outlined his strategic priorities. The conference succeeded numerous one-on-ones that the new CEO held with investors and analysts.

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. 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, the majority of which came from Austria. The remaining two-thirds were in the hands of institutional investors. These continue to be widely spread internationally: around a quarter were held by institutional investors from the USA, approximately 20 per cent from Austria, approximately 20 per cent from UK and Ireland, and around a quarter from other EU countries. The remaining institutional investors came from other countries such as Singapore and Japan.

Share price as of 30 September 2013	€ 24.19
High/low in the third quarter of 2013 (closing prices)	€ 27.16 / € 19.96
Earnings per share from 1 January to 30 September 2013	€ 1.34
Market capitalization as of 30 September 2013	€ 4.729 billion
Average daily trading volume in the third quarter of 2013 (single count)	224,134 shares
Stock exchange turnover in the third quarter of 2013 (single count)	€ 345.54 million
Free float as of 30 September 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 September 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 2014

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 Day
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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Group management report

Market development

Following a 2.2 per cent increase in 2012, estimates for economic growth in Central and Eastern Europe (CEE) for 2013 were revised down to 1.1 per cent. Despite this slowdown third quarter 2013 GDP data points to a continual improvement of economic development. Leading indicators support the assumption of a further growth improvement in the coming quarters. A key driver is development in the Eurozone, with which CEE has close export ties. This improvement should continue in 2014, with CEE economies projected to grow 2.0 per cent in the coming year.

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 0.7 per cent growth in 2012, CE economies should therefore continue to grow at a similar rate at 0.5 per cent in 2013. However, latest GDP data, as well as leading indicators, point to a sustained improvement of the economic situation. In CE, Hungary, Poland, and Slovakia in particular, showed positive development in the third quarter 2013, whereas the Czech Republic's data was disappointing. Slovenia is the only CE country to remain in a recession. A long-term recovery of the CE region's economy is projected in 2014, with an anticipated growth of 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 at 1.5 per cent, following another year of stagnation in 2012. Romania is expected to post the strongest expansion in 2013, confirmed by third quarter GDP figures. For Albania and Serbia positive growth rates are likewise anticipated for the year. Bulgaria, as well as Bosnia and Herzegovina, is projected to encounter weaker growth, at just 0.5 per cent year-on-year. Croatia's economic output will also continue its downward trend in 2013, however, with 0.5 per cent significantly slower than in the previous year. For 2014, a further improvement to 1.9 per cent in the SEE region's growth trend is expected. In particular, structural reforms implemented in many countries in this region should provide upward potential.

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 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, in 2012 the region 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. Weaker exports and a decline in investment activity led to flagging economic growth in the region. In addition, domestic consumption, which to date served as a supporting engine of growth, came under pressure towards the end of 2012 – a trend that is likely to continue into 2013. Consequently, economic output in the CIS is only projected to grow 1.3 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	(0.9)	(1.0)	2.3	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)	(2.0)	(0.5)	1.5
CE	**0.7**	**0.5**	**2.1**	**2.6**
Albania	1.6	2.0	3.0	3.5
Bosnia and Herzegovina	(1.1)	0.5	1.5	3.5
Bulgaria	0.8	0.5	2.0	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)	1.5	2.0	3.0
SEE	**0.0**	**1.5**	**1.9**	**2.7**
Belarus	1.5	2.0	2.0	3.0
Russia	3.4	1.5	2.0	2.5
Ukraine	0.2	(1.0)	1.5	2.5
CIS	**3.1**	**1.3**	**2.0**	**2.5**
CEE	**2.2**	**1.1**	**2.0**	**2.6**
Austria	**0.9**	**0.5**	**1.5**	**2.3**
Germany	**0.9**	**0.5**	**1.8**	**2.5**
Eurozone	**(0.6)**	**(0.3)**	**1.5**	**2.0**

Earnings, financial and assets position

RBI generated a profit before tax of € 696 million in the first nine months of 2013. The fall of € 419 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 € 269 million. A marked improvement in operating result of 10 per cent or € 173 million – mainly due to net interest income and net fee and commission income – was offset by higher net provisioning for impairment losses (up € 176 million). Additionally, a further rise in the negative net income from derivatives and liabilities had an unfavorable effect on profit before tax.

Operating income increased 7 per cent, or € 267 million, to € 4,267 million year-on-year. Net interest income showed a pleasing trend: The net interest margin (calculated on interest-bearing assets) improved 48 basis points to 3.08 per cent due to an optimization of liquidity and repricing measures. Despite a reduced volume, this resulted in a 7 per cent increase in net interest income to € 2,776 million. Moreover, net fee and commission income rose 7 per cent to € 1,203 million due to a rise in fees in Hungary and higher volumes.

General administrative expenses rose 4 per cent, or € 94 million, year-on-year to € 2,430 million, largely due to the consolidation and integration of Polbank in May 2012. Salary adjustments in Russia were further responsible for the rise. Whereas, some countries, reported positive effects from ongoing cost reduction programs. The number of business outlets fell by 64 to 3,051 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 climbed 28 per cent, or € 176 million, to € 800 million. In the comparable period, these included a net release of portfolio-based loan loss provisions of € 90 million, whereas net allocations of € 28 million were necessary in the reporting period. Individual loan loss provisions rose 9 per cent to € 781 million.

During the reporting period, net income from derivatives and liabilities remained negative and declined from minus € 108 million to minus € 243 million. Contained therein are valuations for credit spreads on own liabilities, which led to a valuation loss of € 139 million compared to € 72 million in the same period last year. This was due to financial markets easing and a resulting marked reduction in CDS premiums for RBI. The partial repurchase of hybrid bonds in the comparable period resulted in net income of € 113 million.

Net income from financial investments declined € 226 million to € 73 million year-on-year. In the comparable period, 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 € 156 million. In the reporting period, sales of equity participations generated net proceeds of € 49 million – mainly in Russia and Ukraine – and the valuation of the fair-value portfolio of securities resulted in net income of € 22 million.

In the reporting period, profit after tax was 48 per cent, or € 428 million, down on the comparable period, whereas the tax rate rose 14 percentage points to 34 per cent. Profit attributable to non-controlling interests increased € 3 million to € 50 million. After deducting profit attributable to non-controlling interests, consolidated profit amounted to € 411 million. During the reporting period, 194.9 million shares were outstanding on average, resulting in earnings per share of € 1.34. In the same period last year it was € 3.55.

Comparison of results year-on-year

In € million	1/1-30/9/2013	1/1-30/9/2012	Change absolute	Change in %
Net interest income	2,776	2,596	181	7.0%
Net fee and commission income	1,203	1,120	82	7.3%
Net trading income	240	220	20	9.0%
Other net operating income[1]	48	63	(16)	(24.6)%
Operating income	**4,267**	**4,000**	**267**	**6.7%**
Staff expenses[2]	(1,227)	(1,178)	(48)	4.1%
Other administrative expenses	(920)	(884)	(36)	4.1%
Depreciation	(283)	(274)	(9)	3.3%
General administrative expenses[3]	**(2,430)**	**(2,336)**	**(94)**	**4.0%**
Operating result	**1,837**	**1,664**	**173**	**10.4%**
Net provisioning for impairment losses	(800)	(623)	(176)	28.3%
Other results[3]	(342)	74	(416)	–
Profit before tax	**696**	**1,115**	**(419)**	**(37.6)%**
Income taxes	(236)	(226)	(9)	4.2%
Profit after tax	**461**	**889**	**(428)**	**(48.2)%**
Profit attributable to non-controlling interests	(50)	(47)	(3)	6.3%
Consolidated profit	**411**	**842**	**(431)**	**(51.2)%**

1 Excl. impairment on goodwill and bank levies.
2 Adaption of previous year figures due to the retrospective application of IAS 19 (effect lower than € 1 million).
3 Incl. impairment on goodwill and bank levies.

Net interest income

In the first nine months of 2013, net interest income rose 7 per cent, or € 181 million, to € 2,776 million year-on-year. The decrease in interest income due to lower lending volume was more than offset by lower interest expenses for customer deposits. Interest income from derivatives increased 15 per cent, or € 41 million, to € 302 million, predominantly due to developments in Poland and at Group head office.

The net interest margin rose 48 basis points to 3.08 per cent year-on-year, mainly due to a reduced provision of liquidity at low interest rates and positive effects from repricing measures in deposit business – albeit to a lesser extent in the third quarter than in the first half of 2013. This pleasing trend was primarily attributable to higher interest income from derivatives in Poland and at Group head office, repricing measures in deposit business in Poland, and the favorable development of lending business in Russia and Belarus. In contrast, 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 again declined because of lower interest income from derivatives and lower lending volume. Poland, however, revealed a significant rise in net interest income. Certainly, 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, whereas in Romania the decline 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 7 per cent, or € 82 million, to € 1,203 million year-on-year. Of this increase, € 53 million is attributable to a significant improvement in net income from payment transfer business. This resulted mainly from higher fees in Hungary following the introduction of the financial transaction tax, a volume-driven increase in income from credit card business in Russia and the Polbank consolidation. Net income from the securities business was up 28 per cent, or € 24 million driven by higher volume primarily attributable to the development at Group head office and in Hungary. Higher volume – mainly in Slovakia and Croatia – also contributed to a 49 per cent, or € 8 million, rise in net income from the management of investment and pension funds. In contrast, income from loan and guarantee business decreased 4 per cent, or € 8 million, – primarily due to developments in Poland, Serbia and Croatia. Similarly, an increase in volume led to an 8 per cent, or € 2 million, increase in net income from the sale of own and third-party products – predominantly in Ukraine and Croatia. Net income from other banking services revealed the highest increases in Russia and the Czech Republic thanks to higher net fee and commission income from collections and structured financing.

Net trading income

Net trading income rose 9 per cent, or € 20 million, to € 240 million year-on-year. Group head office recorded an improved net income from currency-based transactions, credit derivatives business and other transactions, which offset the decline in net income from interest-based transactions, amounting to € 61 million, due to valuation losses on derivatives. A decrease of € 7 million in income from interest-based transactions was also reported in Croatia, where higher income was achieved in the previous year through increased trading activities in a comparatively more favorable market environment. However, in Russia, net income from interest-based transactions fell € 5 million due to valuation losses on securities positions. Net income from currency-based transactions declined most sharply in Poland, although this is measured against extraordinarily high net income in 2012. However, significant increases of € 61 million in Russia and € 29 million in Hungary, attributable to valuation gains from derivatives, were also achieved. Net income from credit derivatives improved € 12 million year-on-year, while net income from capital guarantees issued at Group head office rose € 22 million.

Other net operating income

Other net operating income fell € 16 million to € 48 million year-on-year. The decline was mainly due to a bad debt loss in the commodity trading activities of F. J. Elsner Trading GmbH and the previous year's release of provisions for legal cases due to the favorable development. The release of a provision for VAT liabilities in Poland and an increase in net income from operating lease led to a positive impact on other net operating income.

General administrative expenses

General administrative expenses rose € 94 million to € 2,430 million compared to the same period last year; most of which was attributable to the consolidation and integration of Polbank in May 2012. Due to the higher operating income, the cost/income ratio fell 1.5 percentage points to 56.9 per cent.

Staff expenses, at 50 per cent, provided the largest component in general administrative expenses: a 4 per cent increase, or € 48 million, to € 1,227 million. This increase mainly resulted from the Polbank consolidation, salary adjustments in Russia, and collective contractual wage increases at Group head office. In contrast, reductions in variable salary components in Hungary and Slovenia under cost reduction programs and staff reductions in Ukraine and Hungary had a positive effect.

The average number of employees (full-time equivalents) fell by 2,349 to 59,296 year-on-year. The largest reductions occurred in Ukraine (down 1,295), Romania (down 479), Poland (down 286), Hungary (down 140), and Bulgaria (down 127).

Other administrative expenses increased 4 per cent, or € 36 million, to € 920 million. Although some countries posted reductions, the Polbank consolidation, higher IT expenses (mainly in Poland and Russia), and an increase in advertising campaigns in Russia, resulted in an overall increase.

Depreciation of tangible and intangible fixed assets rose 3 per cent, or € 9 million, to € 283 million. This is mainly attributable to the impairment of a software project in the Czech Republic.

Net provisioning for impairment losses

Compared to the same period last year, net provisioning for impairment losses rose 28 per cent, or € 176 million, to € 800 million. This was due to the development in portfolio-based loan loss provisions, which in the previous year included a net release of € 90 million (mainly at Group head office and in Russia). However, in the reporting period, net allocations of € 28 million were made for portfolio-based loan loss provisions.

Individual loan loss provisions rose € 62 million to € 781 million. The Group Corporates segment reported a significant increase in individual loan loss provisions, whereas the Central Europe segment recorded a decrease of 11 per cent.

Compared to the year-end, the portfolio of non-performing loans (NPL) to customers rose € 295 million to € 8,478 million, mainly due to increases in Group Corporates segment. The NPL ratio, the ratio of non-performing loans to total loans and advances to customers, was 10.3 per cent in the reporting period compared to 9.8 per cent at year-end 2012. Non-performing loans were set against loan loss provisions of € 5,606 million, resulting in a NPL coverage ratio of 66.1 per cent compared to 67.0 per cent at year-end.

The provisioning ratio, based on average volume of loans and advances to customers, increased 29 basis points to 1.29 per cent.

Other results

Other results – consisting of net income from derivatives and liabilities, net income from financial investments, goodwill impairments, bank levies and financial transaction tax, as well as net income from the disposal of Group assets – fell from € 74 million in the same period last year to minus € 342 million.

Net income from financial investments decreased 76 per cent, or € 226 million, to € 73 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 € 156 million. In addition, the sale of securities in the fair-value portfolio in the comparable period produced a net income of € 65 million; in the reporting period, net proceeds from the sale of this securities category amounted to € 18 million. The valuation result of the fair-value portfolio fell € 43 million to € 22 million compared to the same period in the previous year. On the other hand, net proceeds from the sale of equity participations rose € 35 million to € 49 million compared to the same period last year, mainly due to the sale of equity participations in Russia and Ukraine. The valuation of equity participations – primarily in Slovakia and the Czech Republic – resulted in a loss of € 18 million against minus € 4 million in the comparable period in the previous year.

Net income from derivatives and liabilities dropped € 135 million to minus € 243 million. Contained therein are valuations for credit spreads on own liabilities, which led to an increased valuation loss of € 139 million in the reporting period – € 67 million higher than in the previous year. Last year, the partial repurchase of hybrid bonds resulted in net income of € 113 million.

A € 48 million increase in bank levies in Hungary and Slovakia and the newly introduced financial transaction tax in Hungary had a negative € 163 million impact on other results.

Net income from the sale of Group assets fell € 5 million to minus € 6 million year-on-year. This was mainly due to the disposal of companies with revenues or assets below the materiality threshold.

Income taxes

Compared to the same period last year, income tax expense rose € 9 million to € 236 million. Deferred taxes reversed from minus € 2 million to plus € 26 million, primarily due to the change in valuation results from own liabilities and derivatives. Current taxes increased 17 per cent, or € 37 million, to minus € 262 million. Due in part to non-allowable tax loss carry-forwards, the tax rate was 34 per cent compared to 20 per cent in the previous year.

Comparison of results with the previous quarter

In € million	Q3/2013	Q2/2013	Change absolute	Change in %
Net interest income	940	972	(31)	(3.2)%
Net fee and commission income	417	411	6	1.6%
Net trading income	100	60	40	66.1%
Other net operating income[1]	(3)	25	(28)	-
Operating income	**1,454**	**1,467**	**(13)**	**(0.9)%**
Staff expenses	(411)	(409)	(2)	0.5%
Other administrative expenses	(304)	(324)	20	(6.2)%
Depreciation	(97)	(96)	(2)	1.7%
General administrative expenses	**(813)**	**(829)**	**16**	**(1.9)%**
Operating result	**641**	**638**	**3**	**0.5%**
Net provisioning for impairment losses	(330)	(249)	(81)	32.6%
Other results[2]	(82)	(173)	91	(52.8)%
Profit before tax	**229**	**216**	**13**	**6.0%**
Income taxes	(80)	(79)	(1)	1.4%
Profit after tax	**149**	**137**	**12**	**8.7%**
Profit attributable to non-controlling interests	(15)	(17)	3	(14.7)%
Consolidated profit	**134**	**120**	**14**	**12.1%**

1 Excl. impairment on goodwill and bank levies.
2 Incl. impairment on goodwill and bank levies.

Net interest income

Compared to the second quarter of 2013, net interest income fell 3 per cent, or € 31 million, to € 940 million in the third quarter of 2013. The net interest margin (calculated on interest-bearing assets) was down 10 basis points quarter-on-quarter to 3.15 per cent. This was due in particular to lower interest income from derivative financial instruments, as well as in Asia.

Net fee and commission income

Net fee and commission income rose € 6 million to € 417 million, compared to the second quarter of 2013. The most significant increase, at € 11 million, was reported in net income from payment transfer business, due to higher volumes in Russia and Hungary. This was followed by net income from foreign currency, notes/coins and precious metals business, as well as from other banking services, each at € 3 million. In contrast, net income from securities business declined € 8 million while net income from loan and guarantee business was down € 3 million.

Net trading income

Compared to the previous quarter, net trading income rose € 40 million to € 100 million. This was triggered by a significant increase in net income from currency-based transactions, primarily in Russia and Hungary, where valuation gains on derivative financial instruments had a positive impact. Interest-based transactions also improved due to the favorable market environment in Russia, whereas the Czech Republic posted valuation losses on securities positions.

Other net operating income

In the third quarter of 2013, other net operating income declined € 28 million, down from € 25 million in the previous quarter, to minus € 3 million. The decline was mainly attributable to a release of provisions for VAT liabilities in Poland booked in the second quarter and a bad debt loss in the commodity trading activities of F. J. Elsner Trading GmbH.

General administrative expenses

General administrative expenses amounted to € 813 million in the third quarter of 2013, down € 16 million from € 829 million in the previous quarter.

At the same time, the increase in staff expenses was moderate, up less than 1 per cent, or € 2 million, to € 411 million.

Other administrative expenses fell € 20 million quarter-on-quarter to € 304 million, with the most significant declines in legal, advisory and consulting expenses, as well as advertising, PR and promotional expenses.

Depreciation of tangible and intangible fixed assets grew 2 per cent, or € 2 million, to € 97 million quarter-on-quarter. An impairment of € 10 million was recorded on a software project in the Czech Republic in the third quarter.

Net provisioning for impairment losses

Net provisioning for impairment losses rose € 81 million quarter-on-quarter to € 330 million. The Group Corporates, Russia and CIS Other segments reported higher net provisioning for impairment losses whereas net provisioning for impairment losses in the Southeastern Europe and Central Europe segments declined.

In the third quarter of 2013, the portfolio of non-bank non-performing loans was up € 340 million to a total of € 8,478 million. On a currency-adjusted basis, the Group Corporates segment posted the largest increases (up € 371 million). Ukraine, on the other hand, reported net releases of € 50 million. The NPL ratio rose 0.4 percentage points quarter-on-quarter to 10.3 per cent whereas the NPL coverage ratio fell 1.1 percentage points to 66.1 per cent.

Other results

Other results improved € 91 million to minus € 82 million quarter-on-quarter.

Net income from financial investments reversed from minus € 23 million to plus € 9 million, due primarily to a positive valuation result of the fair-value portfolio of securities at Group head office.

Net income from derivatives and liabilities improved € 11 million to minus € 56 million quarter-on-quarter. This was mainly attributable to a lower valuation loss on the credit spread for liabilities designated at fair value (minus € 5 million compared to minus € 52 million in the previous quarter).

Further reason for the improvement was the bank levy in Hungary, which was already booked for the full year 2013 in the second quarter.

Income taxes

Tax expenses increased slightly to € 80 million quarter-on-quarter while the tax rate decreased by 2 percentage points to 35 per cent.

Statement of financial position

Compared to the end of 2012, RBI's total assets declined 4 per cent, or € 5.1 billion, to € 131.0 billion. The year-on-year decline was even more pronounced, down 11 per cent, or € 16.1 billion. This trend is primarily attributable to the ongoing optimization of liquidity.

Assets

In € million	30/9/2013	Share	31/12/2012	Share
Loans and advances to banks (less impairment losses)	21,460	16.4%	22,166	16.3%
Loans and advances to customers (less impairment losses)	76,826	58.6%	77,859	57.2%
Financial investments	18,025	13.8%	16,357	12.0%
Other assets	14,724	11.2%	19,734	14.5%
Total assets	**131,034**	**100.0%**	**136,116**	**100.0%**

Loans and advances to banks after deduction of loan loss provisions decreased € 0.7 billion to € 21.5 billion year-to-date. At the same time, money market business – primarily at Group head office – declined € 1.2 billion, in line with the optimization of liquidity, whereas long-term receivables increased € 0.4 billion. Receivables from repurchase and securities lending transactions rose € 1.4 billion.

Compared to the end of 2012, loans and advances to customers after deduction of loan loss provisions fell € 1.0 billion, to € 76.8 billion. The decline was due to a decrease of € 1.4 billion in receivables from repurchase and securities lending transactions. Credit business with corporate customers contracted by € 1.8 billion, notably in Austria, Malta and Russia. In contrast, business with retail customers increased € 0.5 billion and business with the public sector was up € 0.3 billion. Business with retail customers increased significantly in Russia whereas it fell in Poland due also to currency effects.

The item financial investments rose € 1.7 billion to € 18.0 billion, as a result of purchases of highly liquid securities at Group head office. Other assets decreased € 5.0 billion in total to € 14.7 billion due to a reduction in derivatives in the amount of € 3.6 billion and in the cash reserve in the amount of € 1.3 billion.

Equity and Liabilities

In € million	30/9/2013	Share	31/12/2012	Share
Deposits from banks	29,617	22.6%	30,186	22.2%
Deposits from customers	67,496	51.5%	66,297	48.7%
Own funds	14,216	10.8%	14,810	10.9%
Other liabilities	19,706	15.0%	24,822	18.2%
Total equity and liabilities	**131,034**	**100.0%**	**136,116**	**100.0%**

Compared to the end of 2012, the refinancing volume of RBI via banks (primarily commercial banks) decreased by a further € 0.6 billion to a total of € 29.6 billion due to the optimization in liquidity reserves in short-term deposits.

In contrast, deposits from customers rose € 1.2 billion, to € 67.5 billion. Whereas deposits from corporate customers (notably at Group head office) grew € 2.0 billion and those from the public sector (predominantly in Russia) were up € 1.0 billion, deposits from retail customers fell € 1.8 billion. The largest declines occurred in Poland (down € 0.9 billion), Hungary (down € 0.4 billion) and the Czech Republic (down € 0.2 billion).

Other liabilities decreased € 5.1 billion, to € 19.7 billion. This decrease included a net reduction in debt securities issued by € 2.2 billion while trading liabilities were reduced € 2.9 billion, primarily at Group head office.

Funding structure

In € million	30/9/2013	Share	31/12/2012	Share
Customer deposits	67,496	60.2%	66,297	58.3%
Medium- and long-term refinancing	20,227	18.0%	23,097	20.3%
Short-term refinancing	20,503	18.3%	20,379	17.9%
Subordinated liabilities	3,861	3.4%	3,937	3.5%
Total	**112,088**	**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 also in the third quarter of 2013. In total, RBI continued to cover its funding needs ahead of target.

Equity

RBI's equity on the statement of financial position, consisting of consolidated equity, consolidated profit and capital of non-controlling interests, declined 5 per cent, or € 519 million, to € 10,354 million versus year-end 2012. The decline resulted primarily from dividend payments in the amount of € 485 million, of which participation capital accounted for € 200 million and RBI AG shareholders accounted for € 229 million. Total comprehensive income was € 102 million and – in addition to profit after tax of € 461 million – consists of the effects of foreign currency developments totaling minus € 337 million, principally due to the depreciation of the Russian rouble (8 per cent) and the Polish zloty (4 per cent). The application of hyperinflation accounting had a positive impact of € 20 million. 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 € 19 million. Other changes largely include effects from the purchase of non-controlling interests (25 per cent) in Raiffeisenbank Austria d.d., Zagreb.

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, it is not subject to the regulatory provisions on a consolidated basis since it is part of the RZB credit institution group. The consolidated figures 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 September 2013, consolidated own funds of RBI pursuant to BWG amounted to € 12,254 million. This represents a decline of € 631 million since year-end 2012, primarily resulting from the negative currency movements of the Russian rouble and Polish zloty. Additional own funds declined € 131 million to € 3,209 million, due to early redemptions, and short-term subordinated capital fell € 25 million to € 277 million.

Own funds stood in contrast to an own funds requirement of € 6,617 million, a decrease of € 9 million. Whereas the own funds requirement for credit risk remained stable at € 5,451million, the own funds requirement for position risk in bonds, equities and commodities rose € 14 million to € 287 million, generated by the internal model. In contrast, the own funds requirement for operational risk declined € 28 million to € 817 million.

The excess cover ratio fell 9.3 percentage points to 85.2 per cent, representing an excess cover of € 5,637 million. Based on total risk, the core tier 1 ratio came to 10.1 per cent, with a tier 1 ratio of 10.6 per cent. The own funds ratio declined to 14.8 per cent.

Risk management

Active risk management is a core competence of RBI. In order to effectively identify, measure, and manage risks, the Group utilizes comprehensive risk management and controlling. This is an integral part of the overall bank management and is continuously 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 and 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 three quarters 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.

Operational risk

Operational risk involves the control and management both of internal risk factors, e.g. unauthorized activities, theft and fraud, clearing and process errors, business disruptions and system failures, and of external risk factors such as property damage and fraudulent intent.

The risks are analyzed, managed and controlled on the basis of the Group's own historical loss data collection, as well as risk assessment results. Operational risk controlling employs both a centralized and a decentralized management system. The basic principles and minimum standards are defined by central operational risk controlling while detailed implementation is the responsibility of the local units. Events with a low probability of occurrence and high impact are measured using scenarios. Early warning indicators for operational risks are utilized in order to identify and prevent losses as early as possible. RBI currently uses the standardized approach to calculate capital requirements for operational risk under Basel II.

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) becomes effective 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 approaches. 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. Therefore we expect an increase in the net provisioning requirement to between € 1,100 mn and € 1,200 mn for 2013.

In 2013, we are once again paying increased attention to cost development and have started a comprehensive program to increase efficiency. 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.

Segment reports

Division of segments

As a rule, RBI's internal management reporting is based on the current organizational structure. This matrix structure 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

In order to provide a better overview of operating result, the figures for other net operating income and therefore operating income are listed excluding charges for impairment of goodwill and bank levies. These items are instead reported in other results.

Segment overview

RBI generated a profit before tax of € 696 million in the first nine months of 2013. This equates to a decline of 38 per cent, or € 419 million, compared to the same period last year. However, the latter was largely a result of positive one-off effects (€ 269 million).

In Central Europe, profit before tax decreased 16 per cent to € 127 million year-on-year. This was mainly attributable to a fall in profit in the Czech Republic and higher losses in Slovenia, while losses in Hungary were lower compared to the same period last year.

Profit before tax in the Southeastern Europe segment declined 6 per cent to € 246 million year-on-year. Higher net provisioning for impairment losses was primarily responsible for this result.

Contribution to profit from the Russia segment remained by far the largest in regional terms with profit before tax of € 507 million. While operating result rose 6 per cent and net income from financial investments climbed thanks to the sale of equity participations, net provisioning for impairment losses also increased - albeit still at a low level.

In the CIS Other segment, profit before tax was up 82 per cent to € 149 million, largely attributable to a rise in net income from financial investments in Ukraine.

Profit before tax in the Group Corporates segment dropped 59 per cent to € 117 million compared to the same period last year, primarily due to higher net provisioning for impairment losses on loans to large corporate customers.

Profit before tax in the Group Markets segment also fell 55 per cent to € 108 million year-on-year, mainly a result of a decline in net income from financial investments which was positively influenced by a one-off effect relating to sales of securities occurred last year.

In the Corporate Center segment, profit before tax decreased 37 per cent to € 98 million. This was also influenced by a one-off effect relating to buybacks of hybrid capital in 2012. However, the decline was largely mitigated by higher dividend income within the Group.

Central Europe

In € million	1/1-30/9 2013	1/1-30/9 2012	Change	Q3/2013	Q2/2013	Change
Operating income	1,238	1,154	7.3%	418	418	(0.1)%
General administrative expenses	(784)	(723)	8.4%	(267)	(257)	3.8%
Operating result	**454**	**430**	**5.5%**	**151**	**161**	**(6.3)%**
Net provisioning for impairment losses	(260)	(293)	(11.1)%	(91)	(96)	(5.3)%
Other results	(66)	15	–	(3)	(51)	(93.6)%
Profit before tax	**127**	**152**	**(16.4)%**	**56**	**13**	**320.5%**
Assets	38,353	41,601	(7.8)%	38,353	38,358	0.0%
Net interest margin (average interest-bearing assets)	2.90%	2.86%	0.05 PP	2.99%	2.98%	0.01 PP
Return on equity before tax	**5.2%**	**6.9%**	**(1.7) PP**	**6.9%**	**4.1%**	**2.8 PP**

In Central Europe, profit before tax decreased 16 per cent year-on-year to € 127 million. This was attributable to a fall in profit in the Czech Republic and higher losses in Slovenia, while losses in Hungary were lower. Return on equity before tax for the segment fell 1.7 percentage points to 5.2 per cent.

Operating income

The segment's net interest income increased 4 per cent year-on-year to a total of € 803 million. Due to the consolidation of Polbank, Poland reported an increase of 25 per cent, or € 47 million, which fully offset the declines in other countries in the segment. Hungary posted the largest decline in interest income as a result of reduced credit volumes, lower income from derivative financial instruments, and a fall in income from securities. In Slovakia, higher margins in new retail business and repricing of existing deposits resulted in a rise in net interest income. Conversely, a decline in the retail and corporate customer business in the Czech Republic had a negative impact. The segment's net interest margin improved slightly to 2.90 per cent, with falling interest margins in Hungary, the Czech Republic, and Slovenia, being offset by better margins in Poland and Slovakia. Total assets were down 8 per cent, or € 3.2 billion, year-on-year to € 38.4 billion due to optimized liquidity and weak demand for credit. Credit risk-weighted assets also decreased 1 per cent from € 21.4 billion to € 21.2 billion.

Net fee and commission income in the segment increased by an overall 13 per cent, or € 46 million, to € 409 million compared to the same period last year. Income from payment transactions grew 18 per cent to € 176 million largely driven by higher fees charged to customers in connection with the financial transaction tax recently introduced in Hungary. Income from securities business also rose 47 per cent to € 34 million due to the increase in Hungary. Income from foreign currency, notes/coins and precious metals business grew 5 per cent to € 116 million year-on-year, primarily as a result of the trend in Poland.

Net trading income in the segment remained virtually unchanged compared to the same period last year. Net income from currency-based transactions posted a decline from € 2 million to minus € 16 million year-on-year. The reduction was particularly significant in Poland, where one-off gains relating to transactions at Polbank, prior to its first-time consolidation in May 2012, led to a positive one-off effect last year. At the same time, Hungary recorded a substantial increase owing to valuation gains from derivative financial instruments. In contrast, net income from interest-based transactions rose € 17 million to € 22 million year-on-year. This increase was attributable to net income from the valuation of interest-based derivatives in Poland and the Czech Republic.

Other net operating income for the region climbed from € 9 million to € 19 million. The release of a provision for VAT liabilities amounting to € 11 million in Poland provided a positive contribution to other net operating income.

General administrative expenses

General administrative expenses in the segment increased 8 per cent to € 784 million year-on-year. This trend is largely attributable to the consolidation of Polbank and its continuing operational merger with the structures and systems of Raiffeisen Bank Polska S.A. Staff expenses increased due to a change in statutory social security costs in Slovakia and higher expenses for deferred bonus payments in the Czech Republic. At the same time, reductions in variable salary components were achieved in Hungary and Slovenia as part of cost saving programs and staff numbers were reduced in Hungary. Depreciation was up € 14 million, primarily in response to the impairment of a software project in the Czech Republic. The segment's number of business outlets decreased by 43 to 805 year-on-year, largely as a result of the optimization of local presence in Poland. The cost/income ratio for the region increased 0.6 percentage points to 63.3 per cent, mainly due to the first-time consolidation of Polbank.

Net provisioning for impairment losses

At € 260 million, net provisioning for impairment losses in the Central Europe segment was substantially lower than in the comparable period last year with a decline of € 33 million. The fall in net provisioning for impairment losses affected both individual loan loss provisions (down € 20 million) and portfolio-based loan loss provisions (down € 8 million). In terms of countries, net provisioning for impairment losses declined € 50 million in Hungary due to net releases of individual and portfolio-based loan loss provisions for retail and corporate customers, while the Czech Republic reported a fall of € 9 million year-on-year. In contrast, net provisioning for impairment losses in Slovenia increased by a total of € 25 million in corporate and retail customer business. The share of non-bank non-performing loans in the loan portfolio in the Central Europe segment was 12.0 per cent at the end of the reporting period (up 0.9 percentage points year-on-year).

Other results and taxes

Other results of the Central Europe segment decreased € 81 million to minus € 66 million year-on-year. This was mainly attributable to bank levies in Slovakia and Hungary and the newly introduced financial transaction tax in Hungary, which had a negative € 85 million impact on income – an increase of € 48 million compared to the same period last year. Furthermore, declines were reported in net income from financial investments (down € 22 million) and net income from derivatives and liabilities (down € 11 million).

The fall in net income from financial investments was the result of a € 11 million drop in net income from the valuation of the fair-value portfolio of securities, especially in Hungary and Slovakia, and a € 6 million increase in impairments on equity participations in Slovakia and the Czech Republic. In addition, net proceeds from sales of securities were down € 3 million compared to the level primarily generated by the Czech Republic and Hungary in the previous year. Lower valuation gains from various hedging transactions in order to adjust the interest rate structure in the Czech Republic were responsible for the € 11 million decline in net income from derivatives.

Income taxes were down 12 per cent to € 54 million, the tax rate increased 2 percentage points to 42 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	1/1-30/9 2013	1/1-30/9 2012	Change	Q3/2013	Q2/2013	Change
Net interest income	177	197	(10.0)%	56	61	(7.5)%
Net fee and commission income	96	92	4.9%	30	34	(11.3)%
Net trading income	10	5	124.6%	2	8	(74.5)%
Other net operating income	9	5	91.6%	4	3	43.9%
Operating income	**292**	**298**	**(1.7)%**	**93**	**106**	**(12.3)%**
General administrative expenses	(182)	(168)	8.3%	(67)	(57)	17.5%
Operating result	**110**	**130**	**(14.8)%**	**26**	**49**	**(47.2)%**
Net provisioning for impairment losses	(26)	(35)	(26.3)%	(7)	(12)	(47.0)%
Other results	(3)	14	–	(2)	(1)	131.4%
Profit before tax	**82**	**109**	**(24.5)%**	**17**	**35**	**(52.7)%**
Income taxes	(17)	(24)	(28.1)%	(4)	(6)	(29.3)%
Profit after tax	**65**	**85**	**(23.5)%**	**12**	**29**	**(57.7)%**
Assets	8,274	9,054	(8.6)%	8,274	8,265	0.1%
Loans and advances to customers	6,289	6,368	(1.2)%	6,289	6,196	1.5%
hereof corporate %	43.4%	43.6%	(0.2) PP	43.4%	43.9%	(0.6) PP
hereof retail %	56.2%	56.2%	0.0 PP	56.2%	56.0%	0.2 PP
hereof foreign currency %	9.4%	6.8%	2.6 PP	9.4%	9.7%	(0.2) PP
Deposits from customers	5,804	6,317	(8.1)%	5,804	5,752	0.9%
Loan/deposit ratio	108.3%	100.8%	7.5 PP	108.3%	108.3%	0.0 PP
Return on equity before tax	15.9%	23.9%	(7.9) PP	9.4%	19.8%	(10.4) PP
Return on equity after tax	12.6%	18.6%	(6.0) PP	6.9%	16.3%	(9.4) PP
Cost/income ratio	62.2%	56.5%	5.8 PP	72.2%	53.9%	18.3 PP
Net interest margin (average interest-bearing assets)	3.03%	3.20%	(0.17) PP	2.93%	3.20%	(0.27) PP
Employees as of reporting date	2,832	3,044	(7.0)%	2,832	2,994	(5.4)%
Business outlets	130	132	(1.5)%	130	132	(1.5)%
Customers	483,302	487,292	(0.8)%	483,302	481,500	0.4%

Hungary

In € million	1/1-30/9 2013	1/1-30/9 2012	Change	Q3/2013	Q2/2013	Change
Net interest income	149	177	(16.2)%	48	54	(11.7)%
Net fee and commission income	84	57	46.9%	30	29	3.8%
Net trading income	(16)	(45)	(65.5)%	2	(14)	–
Other net operating income	(32)	(8)	324.6%	(12)	(10)	26.3%
Operating income	**185**	**182**	**1.9%**	**68**	**59**	**15.7%**
General administrative expenses	(137)	(145)	(5.4)%	(45)	(45)	0.4%
Operating result	**49**	**37**	**30.2%**	**23**	**14**	**66.0%**
Net provisioning for impairment losses	(97)	(147)	(33.8)%	(25)	(37)	(33.9)%
Other results	(29)	17	–	5	(42)	–
Profit/loss before tax	**(78)**	**(93)**	**(16.4)%**	**3**	**(65)**	**–**
Income taxes	(3)	(4)	(25.6)%	(1)	3	–
Profit/loss after tax	**(81)**	**(97)**	**(16.7)%**	**2**	**(63)**	**–**
Assets	6,270	7,401	(15.3)%	6,270	6,324	(0.9)%
Loans and advances to customers	5,161	5,434	(5.0)%	5,161	5,324	(3.1)%
hereof corporate %	53.0%	56.0%	(3.0) PP	53.0%	53.2%	(0.2) PP
hereof retail %	36.0%	38.6%	(2.7) PP	36.0%	35.3%	0.7 PP
hereof foreign currency %	61.7%	62.2%	(0.5) PP	61.7%	65.7%	(4.0) PP
Deposits from customers	4,082	4,984	(18.1)%	4,082	4,368	(6.6)%
Loan/deposit ratio	126.4%	109.9%	16.6 PP	126.4%	121.9%	4.5 PP
Return on equity before tax	–	–	–	–	–	–
Return on equity after tax	–	–	–	–	–	–
Cost/income ratio	73.7%	79.4%	(5.7) PP	66.6%	76.7%	(10.1) PP
Net interest margin (average interest-bearing assets)	3.15%	3.36%	(0.21) PP	3.24%	3.44%	(0.20) PP
Employees as of reporting date	2,715	2,904	(6.5)%	2,715	2,772	(2.1)%
Business outlets	124	125	(0.8)%	124	125	(0.8)%
Customers	604,565	631,653	(4.3)%	604,565	608,749	(0.7)%

Poland

In € million	1/1-30/9 2013	1/1-30/9 2012	Change	Q3/2013	Q2/2013	Change
Net interest income	233	186	25.4%	82	76	9.0%
Net fee and commission income	123	112	9.4%	42	42	(0.4)%
Net trading income	8	19	(55.4)%	1	(8)	–
Other net operating income	23	4	428.2%	3	16	(78.4)%
Operating income	**387**	**321**	**20.6%**	**129**	**126**	**2.3%**
General administrative expenses	(266)	(215)	23.9%	(87)	(89)	(1.8)%
Operating result	**121**	**106**	**14.0%**	**42**	**37**	**12.2%**
Net provisioning for impairment losses	(74)	(77)	(4.0)%	(30)	(28)	6.4%
Other results	(2)	0	–	0	11	(99.7)%
Profit before tax	**45**	**30**	**53.7%**	**12**	**20**	**(39.3)%**
Income taxes	(11)	(8)	43.6%	(3)	(4)	(31.5)%
Profit after tax	**35**	**22**	**57.3%**	**9**	**16**	**(41.5)%**
Assets	12,708	13,711	(7.3)%	12,708	12,639	0.5%
Loans and advances to customers	9,832	10,561	(6.9)%	9,832	9,768	0.7%
hereof corporate %	33.0%	32.3%	0.7 PP	33.0%	32.6%	0.4 PP
hereof retail %	66.8%	67.6%	(0.7) PP	66.8%	67.3%	(0.5) PP
hereof foreign currency %	55.6%	54.0%	1.6 PP	55.6%	56.0%	(0.4) PP
Deposits from customers	7,053	7,920	(10.9)%	7,053	7,179	(1.8)%
Loan/deposit ratio	139.4%	133.3%	6.1 PP	139.4%	136.1%	3.3 PP
Return on equity before tax	4.2%	3.7%	0.5 PP	3.5%	5.8%	(2.2) PP
Return on equity after tax	3.2%	2.7%	0.5 PP	2.7%	4.5%	(1.9) PP
Cost/income ratio	68.7%	66.9%	1.8 PP	67.4%	70.3%	(2.9) PP
Net interest margin (average interest-bearing assets)	2.52%	2.46%	0.06 PP	2.72%	2.46%	0.26 PP
Employees as of reporting date	6,124	6,471	(5.4)%	6,124	6,080	0.7%
Business outlets	371	422	(12.1)%	371	370	0.3%
Customers	806,789	891,009	(9.5)%	806,789	828,605	(2.6)%

Slovakia

In € million	1/1-30/9 2013	1/1-30/9 2012	Change	Q3/2013	Q2/2013	Change
Net interest income	229	217	5.2%	79	77	1.9%
Net fee and commission income	100	96	4.0%	34	35	(2.7)%
Net trading income	3	6	(43.8)%	1	1	14.9%
Other net operating income	19	8	145.6%	7	6	19.3%
Operating income	**352**	**328**	**7.3%**	**122**	**120**	**1.6%**
General administrative expenses	(183)	(178)	3.2%	(63)	(61)	2.3%
Operating result	**168**	**150**	**12.1%**	**59**	**58**	**0.8%**
Net provisioning for impairment losses	(29)	(24)	20.0%	(11)	(9)	21.0%
Other results	(33)	(16)	101.6%	(9)	(16)	(45.9)%
Profit before tax	**106**	**109**	**(2.9)%**	**39**	**34**	**17.3%**
Income taxes	(23)	(25)	(9.9)%	(8)	(6)	38.2%
Profit after tax	**83**	**84**	**(0.8)%**	**31**	**27**	**12.6%**
Assets	9,769	9,794	(0.3)%	9,769	9,637	1.4%
Loans and advances to customers	6,911	6,652	3.9%	6,911	6,853	0.8%
hereof corporate %	47.3%	49.5%	(2.2) PP	47.3%	47.8%	(0.6) PP
hereof retail %	52.5%	50.3%	2.2 PP	52.5%	51.9%	0.6 PP
hereof foreign currency %	0.6%	0.7%	(0.1) PP	0.6%	0.6%	0.0 PP
Deposits from customers	7,321	7,213	1.5%	7,321	7,345	(0.3)%
Loan/deposit ratio	94.4%	92.2%	2.2 PP	94.4%	93.3%	1.1 PP
Return on equity before tax	14.9%	15.5%	(0.5) PP	17.0%	13.4%	3.6 PP
Return on equity after tax	11.7%	11.9%	(0.2) PP	13.3%	11.0%	2.4 PP
Cost/income ratio	52.2%	54.2%	(2.1) PP	51.6%	51.2%	0.4 PP
Net interest margin (average interest-bearing assets)	3.37%	3.15%	0.22 PP	3.47%	3.41%	0.05 PP
Employees as of reporting date	3,844	3,823	0.5%	3,844	3,828	0.4%
Business outlets	163	152	7.2%	163	163	0.0%
Customers	889,023	830,408	7.1%	889,023	879,227	1.1%

Slovenia

In € million	1/1-30/9 2013	1/1-30/9 2012	Change	Q3/2013	Q2/2013	Change
Net interest income	15	18	(18.7)%	5	5	(8.9)%
Net fee and commission income	6	6	0.7%	2	2	(7.0)%
Net trading income	1	0	42.5%	0	0	36.3%
Other net operating income	0	0	–	(1)	0	–
Operating income	**21**	**25**	**(14.2)%**	**6**	**8**	**(17.9)%**
General administrative expenses	(16)	(18)	(11.6)%	(5)	(5)	(5.0)%
Operating result	**5**	**7**	**(21.0)%**	**1**	**2**	**(48.7)%**
Net provisioning for impairment losses	(34)	(9)	273.1%	(19)	(9)	106.8%
Other results	(1)	0	37.9%	0	0	(20.8)%
Loss before tax	**(29)**	**(3)**	**>500.0%**	**(18)**	**(7)**	**151.9%**
Income taxes	0	0	41.7%	0	0	(74.3)%
Loss after tax	**(29)**	**(2)**	**>500.0%**	**(18)**	**(7)**	**156.4%**
Assets	1,339	1,651	(18.9)%	1,339	1,502	(10.9)%
Loans and advances to customers	1,097	1,275	(14.0)%	1,097	1,157	(5.2)%
hereof corporate %	61.1%	62.5%	(1.4) PP	61.1%	62.0%	(0.9) PP
hereof retail %	31.8%	31.3%	0.5 PP	31.8%	31.2%	0.6 PP
hereof foreign currency %	4.3%	5.0%	(0.7) PP	4.3%	4.6%	(0.3) PP
Deposits from customers	397	489	(18.9)%	397	404	(1.7)%
Loan/deposit ratio	276.1%	260.4%	15.7 PP	276.1%	286.4%	(10.2) PP
Return on equity before tax	–	–	–	–	–	–
Return on equity after tax	–	–	–	–	–	–
Cost/income ratio	75.2%	73.0%	2.2 PP	81.6%	70.5%	11.1 PP
Net interest margin (average interest-bearing assets)	1.45%	1.56%	(0.11) PP	1.42%	1.50%	(0.08) PP
Employees as of reporting date	253	321	(21.2)%	253	264	(4.2)%
Business outlets	17	17	0.0%	17	17	0.0%
Customers	65,719	67,914	(3.2)%	65,719	66,019	(0.5)%

Southeastern Europe

In € million	1/1-30/9 2013	1/1-30/9 2012	Change	Q3/2013	Q2/2013	Change
Operating income	964	965	(0.1)%	329	324	1.6%
General administrative expenses	(515)	(516)	(0.3)%	(172)	(176)	(2.4)%
Operating result	**449**	**449**	**0.2%**	**157**	**147**	**6.3%**
Net provisioning for impairment losses	(219)	(200)	9.5%	(70)	(86)	(17.9)%
Other results	15	13	19.8%	6	(2)	–
Profit before tax	**246**	**261**	**(6.0)%**	**92**	**59**	**54.4%**
Assets	21,358	21,866	(2.3)%	21,358	21,330	0.1%
Net interest margin (average interest-bearing assets)	4.33%	4.18%	0.15 PP	4.46%	4.39%	0.07 PP
Return on equity before tax	**16.1%**	**17.1%**	**(1.0) PP**	**17.9%**	**11.2%**	**6.7 PP**

In Southeastern Europe, profit before tax declined 6 per cent year-on-year to € 246 million as a result of higher net provisioning for impairment losses. Return on equity before tax fell 1.0 percentage points to 16.1 per cent.

Operating income

The segment's net interest income fell € 9 million year-on-year to € 645 million, attributable largely to declines in Romania and Bulgaria. In Romania, this was due to lower market interest rates and declining interest income from securities. In Bulgaria, lower loan volumes and considerably lower market interest rates led to a decrease in net interest income. However, in Serbia, net interest income increased as a result of lower interest expense for customer deposits. The net interest margin increased to 4.33 per cent (up 15 basis points). Total assets decreased 2 per cent to € 21.4 billion year-on-year, while credit risk-weighted assets also declined 2 per cent to € 12.8 billion.

In contrast, net fee and commission income rose 5 per cent, or € 11 million, to € 252 million. Income from payment transfer business increased 8 per cent year-on-year and again delivered the largest contribution at € 141 million. Income from foreign currency, notes/coins and precious metals business, more than one half of which was earned in Romania (up 10 per cent), remained constant at € 51 million year-on-year. In contrast, income from loan and guarantee business decreased 26 per cent to € 16 million, above all as a result of volumes in Serbia and Croatia. Net income from securities business, mainly in Romania and Croatia, was up € 3 million, while net income from the sale of own and third party products in Croatia and Serbia also increased € 3 million.

Net trading income for the Southeastern Europe segment fell 5 per cent year-on-year to € 41 million. This was mainly due to a decline in income from interest-based transactions, which was not fully 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 due to currency appreciation in Romania and Serbia.

At € 26 million, other net operating income remained almost unchanged year-on-year.

General administrative expenses

The segment's general administrative expenses decreased slightly to € 515 million year-on-year. Staff expenses remained stable at € 225 million. The € 3 million rise in other administrative expenses to € 224 million was mainly attributable to higher advertising, PR and promotional expenses as well as higher expenses for deposit insurance. Depreciation decreased 7 per cent, or € 5 million, to € 65 million, mainly as a result of lower depreciation on tangible fixed assets in Croatia and Romania as well as on leased assets in Croatia. The cost/income ratio fell 0.1 percentage points to 53.4 per cent.

Net provisioning for impairment losses

Net provisioning for impairment losses in the segment increased 10 per cent to € 219 million year-on-year. Net allocations for individual loan loss provisions increased 4 per cent, or € 9 million, to € 225 million. The 43 per cent, or € 16 million, rise in Croatia was especially high, with net provisioning for impairment losses of € 52 million, mainly for retail customers, due to restructuring measures. In Albanianet provisioning for impairment losses increased € 9 million – above all for corporate customers. In contrast, declines were reported in all other countries in the region. In the case of portfolio-based loan loss provisions, there were net releases of € 4 million in the segment compared to € 14 million in the prior-year period – predominantly incurred in the group units in Bulgaria, Serbia, and Romania. The share of non-bank non-performing loans to the segment's loan portfolio increased 1.1 percentage points to 13.7 per cent.

Other results and taxes

Other results in the segment increased € 2 million to € 15 million year-on-year. On the one hand, positive valuation results from interest rate swaps in Croatia led to an improved result from derivative financial instruments (up € 13 million). On the other hand, unrepeated gains of € 7 million from the sale of shares in equity participations in Croatia, Serbia, and Bosnia and Herzegovina, in the comparable period of the previous year led to a fall in net income from financial investments. A sharp increase in valuation gains on government bonds in Romania followed, as a result of the drop in yields.

Income taxes for the region declined 27 per cent to € 23 million year-on-year, largely as a result of a one-off effect – the release of a deferred tax liability in Romania – while the tax rate fell 3 percentage points to 9 per cent.

Detailed results of individual countries:

Albania

In € million	1/1-30/9 2013	1/1-30/9 2012	Change	Q3/2013	Q2/2013	Change
Net interest income	57	59	(3.8)%	19	19	1.6%
Net fee and commission income	7	6	34.3%	3	2	5.8%
Net trading income	16	14	16.6%	6	6	1.9%
Other net operating income	1	0	–	0	1	(40.7)%
Operating income	**81**	**78**	**4.8%**	**28**	**28**	**1.2%**
General administrative expenses	(30)	(29)	3.5%	(10)	(11)	(6.2)%
Operating result	**51**	**49**	**5.6%**	**17**	**16**	**6.3%**
Net provisioning for impairment losses	(18)	(12)	45.5%	(7)	(7)	(4.4)%
Other results	0	0	–	0	0	–
Profit before tax	**33**	**36**	**(7.9)%**	**11**	**9**	**14.3%**
Income taxes	(3)	(4)	(11.0)%	(1)	(1)	13.1%
Profit after tax	**30**	**32**	**(7.5)%**	**10**	**8**	**14.5%**
Assets	2,161	2,361	(8.5)%	2,161	2,181	(0.9)%
Loans and advances to customers	899	968	(7.1)%	899	928	(3.2)%
hereof corporate %	69.4%	67.9%	1.6 PP	69.4%	68.6%	0.8 PP
hereof retail %	30.6%	32.1%	(1.6) PP	30.6%	31.4%	(0.8) PP
hereof foreign currency %	65.5%	67.8%	(2.4) PP	65.5%	65.0%	0.5 PP
Deposits from customers	1,856	2,116	(12.3)%	1,856	1,920	(3.4)%
Loan/deposit ratio	48.4%	45.7%	2.7 PP	48.4%	48.3%	0.1 PP
Return on equity before tax	23.6%	27.0%	(3.4) PP	21.5%	17.1%	4.4 PP
Return on equity after tax	21.1%	24.1%	(3.0) PP	19.2%	15.3%	4.0 PP
Cost/income ratio	37.1%	37.6%	(0.5) PP	37.5%	40.5%	(3.0) PP
Net interest margin (average interest-bearing assets)	4.08%	3.94%	0.14 PP	4.30%	4.14%	0.16 PP
Employees as of reporting date	1,389	1,419	(2.1)%	1,389	1,386	0.2%
Business outlets	105	105	0.0%	105	105	0.0%
Customers	724,770	698,367	3.8%	724,770	722,839	0.3%

Bosnia and Herzegovina

In € million	1/1-30/9 2013	1/1-30/9 2012	Change	Q3/2013	Q2/2013	Change
Net interest income	55	54	1.0%	19	18	3.0%
Net fee and commission income	23	23	0.0%	9	7	21.8%
Net trading income	2	1	99.7%	1	1	(24.7)%
Other net operating income	2	0	>500.0%	0	1	(44.2)%
Operating income	**82**	**79**	**4.2%**	**29**	**27**	**5.7%**
General administrative expenses	(46)	(45)	1.1%	(17)	(15)	9.7%
Operating result	**36**	**34**	**8.4%**	**12**	**12**	**0.7%**
Net provisioning for impairment losses	(7)	(15)	(53.3)%	(1)	(4)	(80.6)%
Other results	(1)	2	–	0	0	(60.1)%
Profit before tax	**29**	**20**	**44.1%**	**11**	**8**	**43.6%**
Income taxes	(3)	(2)	46.4%	(1)	(1)	72.2%
Profit after tax	**26**	**18**	**43.9%**	**10**	**7**	**40.4%**
Assets	2,013	1,990	1.2%	2,013	1,985	1.5%
Loans and advances to customers	1,258	1,307	(3.7)%	1,258	1,279	(1.6)%
hereof corporate %	37.1%	41.7%	(4.6) PP	37.1%	39.2%	(2.1) PP
hereof retail %	62.1%	57.6%	4.5 PP	62.1%	60.0%	2.1 PP
hereof foreign currency %	74.6%	74.7%	(0.1) PP	74.6%	73.1%	1.5 PP
Deposits from customers	1,556	1,521	2.3%	1,556	1,541	1.0%
Loan/deposit ratio	80.9%	85.9%	(5.0) PP	80.9%	83.0%	(2.1) PP
Return on equity before tax	16.0%	11.0%	5.0 PP	18.4%	12.4%	6.0 PP
Return on equity after tax	14.3%	9.8%	4.4 PP	16.2%	11.2%	5.0 PP
Cost/income ratio	55.7%	57.4%	(1.7) PP	58.0%	55.9%	2.1 PP
Net interest margin (average interest-bearing assets)	3.90%	3.70%	0.21 PP	3.99%	3.97%	0.02 PP
Employees as of reporting date	1,504	1,558	(3.5)%	1,504	1,510	(0.4)%
Business outlets	98	98	0.0%	98	98	0.0%
Customers	496,807	489,483	1.5%	496,807	488,254	1.8%

Bulgaria

In € million	1/1-30/9 2013	1/1-30/9 2012	Change	Q3/2013	Q2/2013	Change
Net interest income	98	103	(4.5)%	34	34	2.4%
Net fee and commission income	28	28	1.7%	10	10	1.3%
Net trading income	2	4	(58.7)%	1	0	94.1%
Other net operating income	0	0	–	0	0	–
Operating income	**128**	**134**	**(4.4)%**	**44**	**44**	**1.7%**
General administrative expenses	(68)	(69)	(1.6)%	(23)	(23)	(0.5)%
Operating result	**61**	**65**	**(7.4)%**	**22**	**21**	**4.1%**
Net provisioning for impairment losses	(53)	(51)	4.1%	(22)	(17)	30.4%
Other results	(1)	0	–	0	0	(17.9)%
Profit/loss before tax	**6**	**14**	**(55.6)%**	**0**	**4**	**–**
Income taxes	0	(1)	(94.9)%	0	0	–
Profit/loss after tax	**6**	**13**	**(53.0)%**	**0**	**4**	**–**
Assets	3,409	3,581	(4.8)%	3,409	3,373	1.0%
Loans and advances to customers	2,629	2,893	(9.1)%	2,629	2,711	(3.0)%
hereof corporate %	44.4%	45.5%	(1.1) PP	44.4%	44.6%	(0.2) PP
hereof retail %	55.1%	53.9%	1.2 PP	55.1%	54.9%	0.2 PP
hereof foreign currency %	71.6%	75.6%	(4.0) PP	71.6%	73.0%	(1.4) PP
Deposits from customers	2,157	2,227	(3.2)%	2,157	2,110	2.2%
Loan/deposit ratio	121.9%	129.9%	(8.0) PP	121.9%	128.4%	(6.5) PP
Return on equity before tax	1.7%	3.9%	(2.2) PP	–	3.0%	–
Return on equity after tax	1.7%	3.7%	(2.0) PP	–	2.9%	–
Cost/income ratio	52.8%	51.3%	1.5 PP	51.3%	52.4%	(1.1) PP
Net interest margin (average interest-bearing assets)	3.95%	3.90%	0.05 PP	4.18%	4.07%	0.11 PP
Employees as of reporting date	3,029	3,136	(3.4)%	3,029	3,070	(1.3)%
Business outlets	178	184	(3.3)%	178	181	(1.7)%
Customers	738,588	786,863	(6.1)%	738,588	733,506	0.7%

Croatia

In € million	1/1-30/9 2013	1/1-30/9 2012	Change	Q3/2013	Q2/2013	Change
Net interest income	112	114	(1.8)%	39	37	6.0%
Net fee and commission income	43	43	(1.5)%	17	12	36.3%
Net trading income	7	18	(59.1)%	1	5	(81.6)%
Other net operating income	19	23	(17.4)%	6	6	(8.0)%
Operating income	**180**	**198**	**(8.7)%**	**63**	**60**	**3.7%**
General administrative expenses	(98)	(104)	(5.9)%	(32)	(33)	(3.6)%
Operating result	**83**	**94**	**(11.9)%**	**31**	**28**	**12.4%**
Net provisioning for impairment losses	(48)	(34)	40.0%	(7)	(25)	(70.6)%
Other results	2	(6)	–	0	1	–
Profit before tax	**37**	**54**	**(32.2)%**	**23**	**3**	**>500.0%**
Income taxes	(7)	(10)	(29.5)%	(5)	(1)	>500.0%
Profit after tax	**29**	**44**	**(32.8)%**	**19**	**2**	**>500.0%**
Assets	4,948	5,293	(6.5)%	4,948	5,047	(1.9)%
Loans and advances to customers	3,468	3,694	(6.1)%	3,468	3,581	(3.2)%
hereof corporate %	41.5%	41.2%	0.3 PP	41.5%	42.1%	(0.6) PP
hereof retail %	49.0%	48.2%	0.9 PP	49.0%	48.6%	0.4 PP
hereof foreign currency %	60.9%	64.3%	(3.4) PP	60.9%	62.9%	(1.9) PP
Deposits from customers	3,012	3,159	(4.6)%	3,012	2,984	0.9%
Loan/deposit ratio	115.9%	116.6%	(0.7) PP	115.9%	119.6%	(3.7) PP
Return on equity before tax	6.9%	9.5%	(2.7) PP	13.1%	1.5%	11.6 PP
Return on equity after tax	5.5%	7.7%	(2.2) PP	10.5%	1.2%	9.2 PP
Cost/income ratio	54.2%	52.6%	1.7 PP	50.5%	54.4%	(3.8) PP
Net interest margin (average interest-bearing assets)	3.43%	3.13%	0.30 PP	3.64%	3.40%	0.24 PP
Employees as of reporting date	2,040	2,056	(0.8)%	2,040	2,050	(0.5)%
Business outlets	76	79	(3.8)%	76	76	0.0%
Customers	474,668	482,265	(1.6)%	474,668	475,235	(0.1)%

Kosovo

In € million	1/1-30/9 2013	1/1-30/9 2012	Change	Q3/2013	Q2/2013	Change
Net interest income	29	29	0.7%	10	10	(1.5)%
Net fee and commission income	6	6	(0.8)%	2	2	11.3%
Net trading income	0	0	48.6%	0	0	–
Other net operating income	0	0	121.3%	0	0	387.4%
Operating income	**35**	**35**	**0.2%**	**12**	**12**	**(0.2)%**
General administrative expenses	(18)	(19)	(6.5)%	(6)	(6)	(0.2)%
Operating result	**17**	**16**	**8.6%**	**6**	**6**	**(0.2)%**
Net provisioning for impairment losses	(3)	(4)	(16.8)%	(1)	(1)	(16.6)%
Other results	0	0	213.2%	0	0	30.3%
Profit before tax	**14**	**12**	**20.4%**	**5**	**5**	**4.8%**
Income taxes	(1)	(1)	15.9%	(1)	(1)	4.1%
Profit after tax	**13**	**10**	**20.9%**	**5**	**4**	**4.8%**
Assets	654	649	0.8%	654	624	4.9%
Loans and advances to customers	454	427	6.3%	454	462	(1.9)%
hereof corporate %	39.4%	36.2%	3.1 PP	39.4%	39.8%	(0.5) PP
hereof retail %	60.6%	63.8%	(3.1) PP	60.6%	60.2%	0.5 PP
hereof foreign currency %	0.0%	0.0%	0.0 PP	0.0%	0.0%	0.0 PP
Deposits from customers	515	524	(1.7)%	515	500	3.1%
Loan/deposit ratio	88.0%	81.4%	6.6 PP	88.0%	92.4%	(4.4) PP
Return on equity before tax	20.9%	17.9%	3.0 PP	21.4%	19.7%	1.7 PP
Return on equity after tax	18.7%	15.9%	2.8 PP	19.1%	17.5%	1.6 PP
Cost/income ratio	51.8%	55.5%	(3.7) PP	51.1%	51.1%	0.0 PP
Net interest margin (average interest-bearing assets)	6.20%	6.03%	0.17 PP	6.26%	6.56%	(0.31) PP
Employees as of reporting date	701	697	0.6%	701	704	(0.4)%
Business outlets	51	54	(5.6)%	51	52	(1.9)%
Customers	246,190	269,087	(8.5)%	246,190	243,527	1.1%

Romania

In € million	1/1-30/9 2013	1/1-30/9 2012	Change	Q3/2013	Q2/2013	Change
Net interest income	212	229	(7.7)%	71	69	2.5%
Net fee and commission income	118	109	7.9%	42	39	8.1%
Net trading income	11	7	72.2%	4	1	201.4%
Other net operating income	3	1	87.3%	(1)	3	–
Operating income	**343**	**346**	**(0.9)%**	**116**	**112**	**3.7%**
General administrative expenses	(200)	(194)	3.2%	(66)	(69)	(4.8)%
Operating result	**143**	**153**	**(6.1)%**	**50**	**43**	**17.5%**
Net provisioning for impairment losses	(75)	(74)	1.7%	(28)	(27)	3.4%
Other results	14	6	129.0%	7	0	>500.0%
Profit before tax	**81**	**84**	**(3.5)%**	**29**	**16**	**78.8%**
Income taxes	(1)	(12)	(92.2)%	(5)	9	–
Profit after tax	**81**	**72**	**11.3%**	**25**	**26**	**(4.2)%**
Assets	6,315	6,090	3.7%	6,315	6,252	1.0%
Loans and advances to customers	4,396	4,217	4.2%	4,396	4,244	3.6%
hereof corporate %	34.1%	35.3%	(1.2) PP	34.1%	34.4%	(0.3) PP
hereof retail %	62.7%	62.0%	0.7 PP	62.7%	62.6%	0.1 PP
hereof foreign currency %	52.5%	56.9%	(4.4) PP	52.5%	52.9%	(0.4) PP
Deposits from customers	4,144	3,813	8.7%	4,144	3,983	4.0%
Loan/deposit ratio	106.1%	110.6%	(4.5) PP	106.1%	106.6%	(0.5) PP
Return on equity before tax	20.1%	23.4%	(3.3) PP	20.5%	10.9%	9.6 PP
Return on equity after tax	19.8%	20.1%	(0.2) PP	17.3%	17.1%	0.2 PP
Cost/income ratio	58.2%	55.9%	2.3 PP	56.8%	61.9%	(5.1) PP
Net interest margin (average interest-bearing assets)	4.65%	5.08%	(0.43) PP	4.65%	4.54%	0.11 PP
Employees as of reporting date	5,383	5,660	(4.9)%	5,383	5,246	2.6%
Business outlets	529	530	(0.2)%	529	526	0.6%
Customers	2,009,889	1,955,123	2.8%	2,009,889	2,004,802	0.3%

Serbia

In € million	1/1-30/9 2013	1/1-30/9 2012	Change	Q3/2013	Q2/2013	Change
Net interest income	83	66	25.2%	28	30	(6.2)%
Net fee and commission income	27	26	2.8%	9	9	1.5%
Net trading income	2	0	–	1	0	484.3%
Other net operating income	2	4	(38.3)%	(1)	2	–
Operating income	**114**	**96**	**19.5%**	**37**	**41**	**(9.4)%**
General administrative expenses	(56)	(57)	(1.1)%	(19)	(19)	(2.2)%
Operating result	**58**	**39**	**49.3%**	**19**	**22**	**(15.7)%**
Net provisioning for impairment losses	(14)	(9)	60.1%	(5)	(5)	2.1%
Other results	1	11	(92.5)%	(1)	(3)	(63.2)%
Profit before tax	**45**	**41**	**10.4%**	**13**	**15**	**(13.2)%**
Income taxes	(6)	(3)	89.8%	(2)	(2)	2.8%
Profit after tax	**39**	**38**	**3.7%**	**11**	**13**	**(15.6)%**
Assets	1,862	1,975	(5.7)%	1,862	1,922	(3.1)%
Loans and advances to customers	1,167	1,280	(8.8)%	1,167	1,213	(3.8)%
hereof corporate %	49.3%	55.9%	(6.6) PP	49.3%	51.9%	(2.6) PP
hereof retail %	48.1%	41.2%	6.9 PP	48.1%	45.6%	2.5 PP
hereof foreign currency %	67.0%	67.7%	(0.6) PP	67.0%	69.9%	(2.9) PP
Deposits from customers	1,119	1,165	(4.0)%	1,119	1,117	0.1%
Loan/deposit ratio	104.3%	109.8%	(5.5) PP	104.3%	108.5%	(4.2) PP
Return on equity before tax	13.3%	11.7%	1.7 PP	10.6%	11.6%	(1.0) PP
Return on equity after tax	11.6%	10.8%	0.8 PP	9.0%	10.1%	(1.1) PP
Cost/income ratio	49.0%	59.2%	(10.2) PP	50.1%	46.4%	3.7 PP
Net interest margin (average interest-bearing assets)	6.21%	4.58%	1.63 PP	6.33%	6.75%	(0.42) PP
Employees as of reporting date	1,666	1,776	(6.2)%	1,666	1,753	(5.0)%
Business outlets	84	85	(1.2)%	84	86	(2.3)%
Customers	586,174	526,210	11.4%	586,174	571,677	2.5%

Russia

In € million	1/1-30/9 2013	1/1-30/9 2012	Change	Q3/2013	Q2/2013	Change
Operating income	894	834	7.2%	318	293	8.8%
General administrative expenses	(392)	(360)	8.7%	(127)	(140)	(9.3)%
Operating result	**502**	**474**	**6.0%**	**191**	**153**	**25.3%**
Net provisioning for impairment losses	(19)	13	–	(27)	(7)	256.7%
Other results	24	(2)	–	(3)	1	–
Profit before tax	**507**	**485**	**4.4%**	**162**	**146**	**10.7%**
Assets	15,796	15,443	2.3%	15,796	16,208	(2.5)%
Net interest margin (average interest-bearing assets)	4.81%	5.23%	(0.42) PP	4.64%	4.75%	(0.11) PP
Return on equity before tax	**41.8%**	**43.1%**	**(1.2) PP**	**39.7%**	**35.6%**	**4.2 PP**

In Russia, profit before tax rose 4 per cent to € 507 million year-on-year. The positive result from the sale of equity participations largely offset the rise in net provisioning for impairment losses. Return on equity before tax fell 1.2 percentage points to 41.8 per cent.

Operating income

Net interest income in Russia declined 2 per cent, or € 9 million, year-on-year to € 542 million. Interest income from derivative financial instruments used for foreign currency denominated loan exposure hedges decreased € 80 million. In contrast, interest income from customer loans increased as a result of higher volumes in new business. Expenses for customer deposits were lowered by repricing measures, further affecting the result positively. The segment reported a year-on-year decline in the net interest margin of 42 basis points to 4.81 per cent due to lower interest income from derivatives. Total assets increased 2 per cent to € 15.8 billion year-on-year. As lending volume rose, mostly in the retail segment (credit cards, consumer loans), credit risk-weighted assets also increased 5 per cent to € 10.2 billion.

Net fee and commission income rose considerably by 10 per cent, or € 20 million, year-on-year to € 231 million. Income from loan and guarantee business increased € 14 million to € 70 million, driven mainly by higher volume in new retail business. Income from payment transfer business was up € 10 million to € 83 million, driven primarily by volume-related higher revenues in the credit card business. In contrast, income from the foreign currency, notes/coins and precious metals business fell € 4 million due to lower volumes.

Net trading income rose to € 121 million (up € 57 million), which was well above the comparable figure of the previous year. On the one hand, net income from currency-based transactions more than doubled, rising € 61 million to € 114 million on the back of higher gains from foreign currency denominated derivatives exposure hedges. On the other hand, net income from interest-based transactions fell € 5 million to € 8 million as a result valuation losses.

Other net operating income declined from plus € 8 million and was slightly negative in the reporting period, largely due to the positive effect of the release of a provision in the same period in the previous year.

General administrative expenses

The segment's general administrative expenses increased overall 9 per cent, or € 31 million, to € 392 million. This was mainly due to a rise in staff expenses (up € 18 million) due to salary increases at year-end 2012. Other administrative expenses increased € 8 million owing to higher advertising and IT expenses. However, savings were achieved in communications expenses. Depreciation increased € 6 million, attributable to impairments in respect of branch buildings. The number of business outlets fell slightly to 192 year-on-year. Because the rise in general administrative expenses surpassed that of the segment's operating income, the cost/income ratio increased 0.6 percentage points to 43.8 per cent.

Net provisioning for impairment losses

In the reporting period, the net provisioning for impairment losses amounted to € 19 million – thus remaining at a low level – whereas, in the comparable period of the previous year, the net release of provisions amounted to € 13 million. The increase in non-performing loans of retail customers and individual defaults of corporate customers resulted in higher individual loan loss provisions year-on-year. These were only partly offset by a decline following sales of receivables and an updated valuation of collateral provided by corporate customers. An expansion in lending volumes and developments in the USD/EUR exchange rate required a net allocation of € 5 million for portfolio-based loan loss provisions. The share of non-bank non-performing loans in the loan portfolio for the segment decreased 1.4 percentage points to 4.4 per cent year-on-year.

Other results and taxes

Other results in the Russia segment improved € 26 million to € 24 million year-on-year. Net income from financial investments increased € 23 million to € 25 million, largely as a result of the sale of equity participations. Net income from derivative financial instruments improved € 3 million to minus € 1 million and resulted from interest rate swap transactions used to mitigate interest rate structure risk.

The segment's income taxes rose 21 per cent to € 124 million as a result of higher non-deductible expenses, while the tax rate increased 4 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 position, while at the segment level equity is based on the actual equity used.

In € million	1/1-30/9 2013	1/1-30/9 2012	Change	Q3/2013	Q2/2013	Change
Net interest income	542	551	(1.7)%	176	184	(4.0)%
Net fee and commission income	231	211	9.6%	76	86	(11.9)%
Net trading income	121	65	87.4%	66	24	173.3%
Other net operating income	0	8	–	0	(1)	(92.8)%
Operating income	**894**	**834**	**7.2%**	**318**	**293**	**8.8%**
General administrative expenses	(392)	(360)	8.7%	(127)	(140)	(9.3)%
Operating result	**502**	**474**	**6.0%**	**191**	**153**	**25.3%**
Net provisioning for impairment losses	(19)	13	–	(27)	(7)	256.7%
Other results	24	(2)	–	(3)	1	–
Profit before tax	**507**	**485**	**4.4%**	**162**	**146**	**10.7%**
Income taxes	(124)	(103)	21.3%	(37)	(45)	(18.5)%
Profit after tax	**382**	**383**	**(0.1)%**	**125**	**101**	**23.6%**
Assets	15,796	15,443	2.3%	15,796	16,208	(2.5)%
Loans and advances to customers	10,173	9,113	11.6%	10,173	9,935	2.4%
hereof corporate %	57.0%	64.5%	(7.5) PP	57.0%	59.1%	(2.1) PP
hereof retail %	43.0%	35.5%	7.5 PP	43.0%	40.9%	2.1 PP
hereof foreign currency %	34.3%	47.4%	(13.1) PP	34.3%	36.5%	(2.2) PP
Deposits from customers	10,329	10,088	2.4%	10,329	10,437	(1.0)%
Loan/deposit ratio	98.5%	90.3%	8.1 PP	98.5%	95.2%	3.3 PP
Return on equity before tax	34.1%	34.5%	(0.3) PP	32.3%	25.9%	6.4 PP
Return on equity after tax	25.8%	27.2%	(1.4) PP	25.0%	17.9%	7.1 PP
Cost/income ratio	43.8%	43.2%	0.6 PP	39.9%	47.8%	(7.9) PP
Net interest margin (average interest-bearing assets)	4.81%	5.23%	(0.42) PP	4.64%	4.75%	(0.11) PP
Employees as of reporting date	8,572	8,018	6.9%	8,572	8,358	2.6%
Business outlets	192	193	(0.5)%	192	190	1.1%
Customers	2,523,700	2,216,261	13.9%	2,523,700	2,431,687	3.8%

CIS Other

In € million	1/1-30/9 2013	1/1-30/9 2012	Change	Q3/2013	Q2/2013	Change
Operating income	467	462	1.1%	175	156	11.9%
General administrative expenses	(268)	(278)	(3.6)%	(89)	(90)	(1.3)%
Operating result	**199**	**184**	**8.2%**	**86**	**66**	**29.7%**
Net provisioning for impairment losses	(94)	(76)	24.2%	(37)	(32)	15.8%
Other results	44	(27)	–	5	6	(22.2)%
Profit before tax	**149**	**82**	**82.0%**	**54**	**41**	**32.4%**
Assets	5,981	6,356	(5.9)%	5,981	6,213	(3.7)%
Net interest margin (average interest-bearing assets)	7.27%	7.18%	0.09 PP	8.08%	7.13%	0.95 PP
Return on equity before tax	**23.6%**	**14.0%**	**9.6 PP**	**25.5%**	**19.1%**	**6.4 PP**

In the CIS Other segment, profit before tax increased 82 per cent year-on-year to € 149 million mainly due to higher income from financial investments. As a result, return on equity before tax increased 9.6 percentage points to 23.6 per cent.

Operating income

The segment's net interest income decreased overall 3 per cent or, € 10 million, to € 307 million. This was mainly attributable to a 9 per cent drop in net interest income in Ukraine to € 241 million as a result of lower lending volume, falling interest income from securities, and higher expenses for customer deposits. In Belarus, in contrast, net interest income increased 30 per cent to € 65 million due to higher lending volumes and margins. Total assets in the segment were down 6 per cent to € 6.0 billion compared to the same period last year. Despite the decrease of largely impaired loans, credit risk-weighted assets increased 2 per cent to € 5.2 billion due to higher-weighted new loans. The net interest margin improved 9 basis points to 7.27 per cent.

Net fee and commission income in the segment increased 2 per cent to € 156 million year-on-year, with income from the payment transfer business, which increased 5 per cent to € 117 million, still making the largest contribution. This increase was achieved mainly as a result of a higher number of transactions in Belarus and Ukraine.

Net trading income improved year-on-year from minus € 5 million to plus € 8 million. Net income from currency-based transactions benefited from significantly lower valuation losses on a strategic foreign currency position held in Belarus to hedge equity, and from positive effects from foreign currency positions in Ukraine. Valuation gains from bonds in Ukraine led to € 2 million additional net income from interest-based transactions.

Other net operating income in the segment fell year-on-year from minus € 2 million to minus € 4 million. In the comparable period of the previous year this included a positive effect from the release of provisions in Ukraine.

General administrative expenses

Compared to the same period last year, general administrative expenses declined € 10 million to € 268 million. In Ukraine total expense reductions of € 16 million were achieved supported by a slight depreciation of the US dollar against the Ukrainian hryvna. These savings stemmed mainly from reduced staff expenses (down € 6 million) as a result of staff reductions and a € 8 million decline in depreciation on intangible assets due to lower IT investments and an impairment carried out in the comparable period of the previous year. In Belarus, in contrast, general administrative expenses increased € 6 million, € 5 million of which was due to higher inflation-index-based staff expenses and salary increases agreed in the previous year. The cost/income ratio in the segment improved 2.8 percentage points to 57.4 per cent.

Net provisioning for impairment losses

The region's net provisioning for impairment losses climbed 24 per cent, or € 18 million, to € 94 million year-on-year. At € 95 million, net provisioning for impairment losses in Ukraine increased € 21 million year-on-year, mainly due to the lower valuation of retail customers' collateral. In Belarus net provisioning for impairment losses was less than € 1 million. The share of non-bank non-performing loans in the total loan portfolio of the segment fell 5.9 percentage points to 25.4 per cent compared to the same period last year. This development was supported by write-offs of foreign-currency loans in the retail customer segment in Ukraine.

Other results and taxes

Other results reversed year-on-year from minus € 27 million to plus € 44 million. This 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 improved year-on-year from minus € 26 million to plus € 20 million due to significant declines in the market interest rate. In addition, the sale of equity participations in Ukraine resulted in a profit of € 21 million in the reporting period.

The segment's income taxes merely increased € 5 million to € 32 million. In contrast, the tax rate fell 12 percentage points to 21 per cent year-on-year due to lower statutory income tax rates in Ukraine and Belarus, and a lower tax rate on income from securities in Ukraine.

Detailed results of individual countries:

Belarus

In € million	1/1-30/9 2013	1/1-30/9 2012	Change	Q3/2013	Q2/2013	Change
Net interest income	65	50	30.3%	23	21	7.2%
Net fee and commission income	47	44	7.1%	16	16	(3.0)%
Net trading income	(1)	(10)	(92.0)%	4	1	236.7%
Other net operating income	(1)	(1)	20.8%	0	0	(22.4)%
Operating income	**109**	**82**	**33.1%**	**43**	**38**	**10.8%**
General administrative expenses	(55)	(48)	13.2%	(18)	(19)	(3.4)%
Operating result	**55**	**34**	**61.3%**	**25**	**20**	**24.2%**
Net provisioning for impairment losses	0	(2)	(77.6)%	0	0	282.5%
Other results	0	0	–	0	0	–
Profit before tax	**54**	**32**	**69.5%**	**24**	**20**	**22.6%**
Income taxes	(12)	(12)	(6.5)%	(5)	(4)	21.5%
Profit after tax	**43**	**20**	**117.5%**	**19**	**15**	**22.9%**
Assets	1,450	1,331	9.0%	1,450	1,442	0.6%
Loans and advances to customers	1,013	789	28.4%	1,013	971	4.3%
hereof corporate %	73.9%	72.4%	1.5 PP	73.9%	74.0%	(0.1) PP
hereof retail %	26.1%	27.6%	(1.5) PP	26.1%	26.0%	0.1 PP
hereof foreign currency %	70.6%	73.4%	(2.8) PP	70.6%	72.3%	(1.7) PP
Deposits from customers	857	850	0.8%	857	905	(5.3)%
Loan/deposit ratio	118.2%	92.8%	25.4 PP	118.2%	107.3%	10.9 PP
Return on equity before tax	37.1%	24.1%	13.1 PP	46.3%	36.9%	9.5 PP
Return on equity after tax	29.2%	14.7%	14.4 PP	35.9%	28.5%	7.4 PP
Cost/income ratio	49.9%	58.6%	(8.8) PP	42.4%	48.7%	(6.2) PP
Net interest margin (average interest-bearing assets)	6.56%	5.64%	0.92 PP	6.84%	6.39%	0.45 PP
Employees as of reporting date	2,228	2,168	2.8%	2,228	2,194	1.5%
Business outlets	100	100	0.0%	100	100	0.0%
Customers	707,229	685,846	3.1%	707,229	701,651	0.8%

Ukraine

In € million	1/1-30/9 2013	1/1-30/9 2012	Change	Q3/2013	Q2/2013	Change
Net interest income	241	266	(9.3)%	89	80	12.0%
Net fee and commission income	109	109	0.1%	39	36	7.8%
Net trading income	9	5	83.1%	4	2	94.2%
Other net operating income	(3)	(1)	141.1%	(1)	(1)	13.2%
Operating income	**356**	**378**	**(6.0)%**	**131**	**117**	**12.2%**
General administrative expenses	(213)	(230)	(7.2)%	(70)	(71)	(0.7)%
Operating result	**142**	**149**	**(4.1)%**	**61**	**46**	**32.0%**
Net provisioning for impairment losses	(95)	(73)	29.0%	(36)	(32)	14.3%
Other results	44	(27)	–	5	6	(22.1)%
Profit before tax	**91**	**48**	**88.8%**	**30**	**21**	**42.1%**
Income taxes	(20)	(14)	37.2%	(7)	(4)	61.7%
Profit after tax	**72**	**34**	**110.2%**	**23**	**17**	**37.3%**
Assets	4,495	4,978	(9.7)%	4,495	4,727	(4.9)%
Loans and advances to customers	3,619	3,932	(8.0)%	3,619	3,787	(4.4)%
hereof corporate %	54.0%	51.4%	2.6 PP	54.0%	53.3%	0.7 PP
hereof retail %	46.0%	48.6%	(2.6) PP	46.0%	46.7%	(0.7) PP
hereof foreign currency %	48.0%	53.5%	(5.6) PP	48.0%	49.9%	(2.0) PP
Deposits from customers	2,652	2,607	1.7%	2,652	2,806	(5.5)%
Loan/deposit ratio	136.5%	150.8%	(14.4) PP	136.5%	135.0%	1.5 PP
Return on equity before tax	15.3%	7.8%	7.5 PP	14.7%	10.0%	4.7 PP
Return on equity after tax	12.0%	5.5%	6.5 PP	11.4%	8.0%	3.4 PP
Cost/income ratio	59.9%	60.7%	(0.8) PP	53.5%	60.4%	(7.0) PP
Net interest margin (average interest-bearing assets)	7.51%	7.62%	(0.11) PP	8.53%	7.36%	1.17 PP
Employees as of reporting date	13,324	14,493	(8.1)%	13,324	13,492	(1.2)%
Business outlets	818	826	(1.0)%	818	820	(0.2)%
Customers	3,084,830	3,033,169	1.7%	3,084,830	3,082,951	0.1%

Group Corporates

In € million	1/1-30/9 2013	1/1-30/9 2012	Change	Q3/2013	Q2/2013	Change
Operating income	468	453	3.5%	152	160	(4.5)%
General administrative expenses	(142)	(130)	9.1%	(46)	(51)	(9.4)%
Operating result	**326**	**323**	**1.2%**	**106**	**108**	**(2.2)%**
Net provisioning for impairment losses	(208)	(52)	296.1%	(105)	(30)	248.5%
Other results	(2)	18	–	(2)	0	–
Profit/loss before tax	**117**	**288**	**(59.3)%**	**(1)**	**78**	**–**
Assets	21,667	20,293	6.8%	21,667	19,529	10.9%
Net interest margin (average interest-bearing assets)	2.32%	1.92%	0.40 PP	2.25%	2.55%	(0.31) PP
Return on equity before tax	**8.6%**	**22.1%**	**(13.5) PP**	**–**	**16.9%**	**–**

Profit before tax in the Group Corporates segment fell 59 per cent to € 117 million compared to the same period last year. This was primarily due to the higher net provisioning for impairment losses on loans and advances to large corporate customers. As a result, return on equity before tax declined 13.5 percentage points to 8.6 per cent.

Operating income

The segment's net interest income increased 15 per cent year-on-year to € 354 million. The increase in asset margins and in the lending volume 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 € 139 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 € 62 million, whereas net interest income declined in Asia due to lower lending volumes. The segment's net interest margin increased 40 basis points to 2.32 per cent, due to improved asset margins and lower liquidity charges within the framework of intra-Group funding. Total assets increased 7 per cent to € 21.7 billion year-on-year, especially due to an increased volume of lending to Western European corporate customers. The acquisition of a loan portfolio from the Oesterreichische Volksbanken-AG accounted for around € 0.7 billion of this. Credit risk-weighted assets increased 6 per cent to € 13.5 billion.

Net fee and commission income declined € 2 million year-on-year to € 117 million. While net fee and commission income fell in business outlets in Asia, Group head office reported an increase due to higher fee and commission income from bond issues by Austrian, as well as Western and Eastern European corporate customers – predominantly from the lending and project finance business.

The segment's net trading income declined from plus € 20 million in the comparable period of the previous year to minus € 4 million in the reporting period. This was mainly attributable to lower net income from derivative financial instruments within interest rate and currency hedges following weaker demand and to reduced net income from structured investment and financial products due to lower margins and spreads.

The segment's other net operating income fell € 5 million to less than € 1 million year-on-year due to intra-Group charges.

General administrative expenses

The segment's general administrative expenses increased 9 per cent, or € 12 million, to € 142 million year-on-year, predominantly as a result of higher overhead costs that were allocated to the segment. The segment consisted of 9 business outlets at the end of the reporting period. The cost/income ratio rose 1.6 percentage points to 30.3 per cent.

Net provisioning for impairment losses

Net provisioning for impairment losses increased € 155 million to € 208 million compared to the same period last year. This significant rise was primarily reflected in high individual loan loss provisions, with individual loans to large corporate customers in Group head office, and in Asia, leading to higher risk costs. Modifications to the previous year's risk model led to releases of portfolio-based loan-loss provisions. The share of non-bank non-performing loans in the segment's loan portfolio rose 0.9 percentage points to 5.5 per cent.

Other results and taxes

The segment's other results declined € 20 million year-on-year. In the reporting period the net income from valuation of securities held-to-maturity was negative at € 2 million, whereas a positive net income of € 18 million was reported in the comparable period of the previous year due to a one-off effect resulting from the sale of shares.

Income taxes declined 62 per cent to € 27 million compared to the same period last year and the tax rate fell 2 percentage points to 23.0 per cent.

Group Markets

In € million	1/1-30/9 2013	1/1-30/9 2012	Change	Q3/2013	Q2/2013	Change
Operating income	281	276	2.0%	88	117	(24.6)%
General administrative expenses	(193)	(192)	0.1%	(65)	(67)	(3.8)%
Operating result	**89**	**83**	**6.6%**	**24**	**50**	**(52.5)%**
Net provisioning for impairment losses	7	(19)	–	5	2	151.5%
Other results	13	174	(92.8)%	5	(3)	–
Profit before tax	**108**	**238**	**(54.7)%**	**34**	**49**	**(30.4)%**
Assets	20,778	20,068	3.5%	20,778	19,486	6.6%
Net interest margin (average interest-bearing assets)	0.72%	0.87%	(0.15) PP	0.94%	0.91%	0.03 PP
Return on equity before tax	**22.1%**	**28.0%**	**(5.9) PP**	**20.8%**	**21.8%**	**(1.0) PP**

Profit before tax in the Group Markets segment fell 55 per cent year-on-year to € 108 million. The main reason for this decline was lower net income from financial investments. The segment's return on equity before tax thus decreased 5.9 percentage points to 22.1 per cent.

Operating income

The segment's net interest income fell 16 per cent year-on-year to € 108 million. 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 its ongoing cautious risk positioning. The net interest margin therefore also fell 14 basis points to 0.73 per cent. The segment's total assets increased to € 20.8 billion year-on-year. Credit risk-weighted assets rose 10 per cent to € 3.6 billion, due mainly to an increase of repo and securities exposures.

Net fee and commission income in the segment increased 14 per cent year-on-year to € 87 million. In particular, the Financial Institutions profit center – benefiting from the improved situation in the financial markets – significantly increased its income from cash management, custody and fund services. On the other hand, income generated from the securities business in the private banking and asset management business declined.

The segment's net trading income increased 14 per cent to € 70 million. This was mainly the result of the improved net income from capital guarantees and the credit derivatives business. Due to the market trend in the bond segment, net income from interest-based transactions, in contrast, declined while volumes remained unchanged.

General administrative expenses

The segment's general administrative expenses remained almost unchanged year-on-year at € 193 million. The cost/income ratio improved 1.3 percentage points to 68.4 per cent.

Net provisioning for impairment losses

An individual loan loss provision of € 7 million was released in the reporting period. In the comparable period of the previous year an individual loan at Group head office 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

The segment's other results fell year-on-year from € 174 million to € 13 million. The basis for this decline was lower net income from financial investments – due in particular to the previous year's sale of the high-quality securities portfolio at Group head office as well as of other financial instruments, which had generated income of € 156 million. Net income from derivatives increased year-on-year primarily due to valuation results at Group head office.

The segment's income taxes fell from € 65 million to € 21 million due to the aforementioned sale of securities in the prior year period, the tax rate thus fell 8 percentage points to 19 per cent.

Corporate Center

In € million	1/1-30/9 2013	1/1-30/9 2012	Change	Q3/2013	Q2/2013	Change
Operating income	726	542	34.0%	135	586	(77.0)%
General administrative expenses	(242)	(233)	3.7%	(87)	(83)	4.5%
Operating result	**484**	**309**	**56.8%**	**48**	**503**	**(90.5)%**
Net provisioning for impairment losses	(5)	3	–	(6)	0	>500.0%
Other results	(381)	(156)	144.0%	(121)	(118)	3.2%
Profit/loss before tax	**98**	**156**	**(37.2)%**	**(79)**	**385**	**–**
Assets	34,496	59,018	(41.6)%	34,496	34,120	1.1%
Net interest margin (average interest-bearing assets)	–	–	–	–	–	–
Return on equity before tax	**5.7%**	**8.8%**	**(3.2) PP**	**–**	**64.7%**	**–**

Allocation of dividend payments and total assets in the Corporate Center was adapted for Q2 according to the new holding structure. This had no impact on group's consolidated profit.

Despite high valuation losses from derivatives, the Corporate Center segment achieved a profit before tax of € 98 million in the reporting period due to significantly improved net interest and dividend income.

Operating income

The segment's net interest income increased 36 per cent to € 651 million year-on-year. The improvement was mainly due to intra-Group dividend income. Higher income from liquidity balancing and lower refinancing costs also had a positive impact on net income. In addition, the interest expense of € 41 million (comparable period 2012: € 28 million) for the subordinated capital of RBI AG is reported in this segment. The segment's assets declined 42 per cent to € 34.5 billion compared to the same period last year, due especially to the optimization of the liquidity position. Credit risk-weighted assets contracted 14 per cent to € 16.1 billion.

Net fee and commission income improved 42 per cent to minus € 17 million year-on-year due primarily to higher fee and commission income from intra-Group securitization transactions and the acceptance of guarantees.

The segment's net trading income improved € 13 million to minus € 2 million year-on-year. This improvement was mainly due to significantly lower valuation losses on various foreign currencies and interest-rate-based instruments held for management purposes.

Other net operating income declined 14 per cent to € 94 million.This decrease was associated with intra-Group charges for services rendered by Group head office to the Group units in the other segments. The contribution to income made by the Raiffeisen Service Center (back-office services for banks in Austria) remained almost unchanged at € 21 million. On the other hand, a reduced contribution of € 1 million (minus € 5 million compared to the previous year) was the result of a bad debt loss in the commodity trading activities of F. J. Elsner Trading GmbH.

General administrative expenses

The segment's general administrative expenses increased € 9 million to € 242 million year-on-year due to higher overhead costs. 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 provisioning for impairment losses of € 5 million.

Other results and taxes

Other results in the segment fell from minus € 156 million to minus € 381 million year-on-year. In particular, valuation losses from the credit spread of own issues (€ 139 million) and lower valuation of other derivative financial instruments and financial investments had a negative effect on net income. In the previous period the buyback of portions of the hybrid capital led to a net gain of € 113 million. As in the previous year, the Austrian bank levy had a negative impact of € 77 million on net income.

In the Corporate Center segment, tax income fell year-on-year from € 131 million to € 45 million. This decline was primarily attributable to the valuation results reported in the segment, particularly relating to liabilities measured at fair value.

Interim consolidated financial statements

(Interim report as of 30 September 2013)

Statement of comprehensive income

Income statement

In € million	Notes	1/1-30/9/2013	1/1- 30/9/2012	Change
Interest income		4,564	4,959	(8.0)%
Interest expenses		(1,787)	(2,363)	(24.4)%
Net interest income	**[2]**	**2,776**	**2,596**	**7.0%**
Net provisioning for impairment losses	[3]	(800)	(623)	28.3%
Net interest income after provisioning		**1,977**	**1,973**	**0.2%**
Fee and commission income		1,484	1,377	7.7%
Fee and commission expense		(281)	(257)	9.3%
Net fee and commission income	**[4]**	**1,203**	**1,120**	**7.3%**
Net trading income	[5]	240	220	9.0%
Net income from derivatives and liabilities	[6]	(243)	(108)	125.3%
Net income from financial investments	[7]	73	299	(75.6)%
General administrative expenses[1]	[8]	(2,430)	(2,336)	4.0%
Other net operating income	[9]	(117)	(52)	126.6%
Net income from disposal of group assets		(6)	(2)	316.1%
Profit before tax		**696**	**1,115**	**(37.6)%**
Income taxes[1]	[10]	(236)	(226)	4.2%
Profit after tax		**461**	**889**	**(48.2)%**
Profit attributable to non-controlling interests		(50)	(47)	6.3%
Consolidated profit		**411**	**842**	**(51.2)%**

1 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 1/1-30/9 2013	1/1-30/9 2012	Group equity 1/1-30/9 2013	1/1-30/9 2012	Non-controlling interests 1/1-30/9 2013	1/1-30/9 2012
Profit after tax	**461**	**889**	**411**	**842**	**50**	**47**
Items which are not reclassified to profit and loss	**1**	**0**	**1**	**0**	**0**	**0**
Remeasurements of defined benefit plans	1	0	1	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	**(359)**	**125**	**(354)**	**96**	**(5)**	**29**
Exchange differences	(337)	208	(329)	182	(8)	26
hereof unrealized net gains (losses) of the period	(337)	208	(329)	182	(8)	26
Capital hedge	3	0	3	0	0	0
Hyperinflation	20	26	18	23	2	3
Net gains (losses) on derivatives hedging fluctuating cash flows	(19)	(1)	(19)	(1)	0	0
hereof unrealized net gains (losses) of the period	(19)	(1)	(19)	(1)	0	0
Net gains (losses) on financial assets available-for-sale	(34)	(144)	(34)	(144)	0	0
hereof unrealized net gains (losses) of the period	1	3	1	3	0	0
hereof net gains (losses) reclassified to income statement	(35)	(147)	(34)	(147)	0	0
Deferred taxes on income and expenses directly recognized in equity	7	36	7	36	0	0
hereof unrealized net gains (losses) of the period	2	0	2	0	0	0
hereof net gains (losses) reclassified to income statement	5	37	5	37	0	0
Other comprehensive income	**(358)**	**125**	**(353)**	**96**	**(5)**	**29**
Total comprehensive income	**102**	**1,014**	**58**	**939**	**44**	**75**

Earnings per share

In €	1/1-30/9/2013	1/1- 30/9/2012	Change
Earnings per share	1.34	3.55	(2.21)

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 September 2013, the number of ordinary shares oustanding was 194.9 million (30 September 2012: 194.8 million). As there were no conversion rights or options outstanding, a dilution of earnings per share did not occur.

Quarterly results

In € million	Q4/2012	Q1/2013	Q2/2013	Q3/2013
Net interest income	876	865	972	940
Net provisioning for impairment losses	(385)	(220)	(249)	(330)
Net interest income after provisioning	**491**	**645**	**722**	**610**
Net fee and commission income	396	375	411	417
Net trading income	(6)	80	60	100
Net income from derivatives and liabilities	(20)	(121)	(66)	(56)
Net income from financial investments	19	87	(23)	9
General administrative expenses[1]	(921)	(788)	(829)	(813)
Other net operating income	(50)	(21)	(58)	(38)
Net income from disposal of group assets	14	(6)	0	0
Profit/loss before tax	**(77)**	**251**	**216**	**229**
Income taxes[1]	(60)	(77)	(79)	(80)
Profit/loss after tax	**(136)**	**174**	**137**	**149**
Profit attributable to non-controlling interests	24	(17)	(17)	(15)
Consolidated profit/loss	**(112)**	**157**	**120**	**134**

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

In € million	Q4/2011	Q1/2012	Q2/2012	Q3/2012
Net interest income	943	875	886	834
Net provisioning for impairment losses	(282)	(153)	(247)	(224)
Net interest income after provisioning	**661**	**722**	**639**	**611**
Net fee and commission income	365	346	375	400
Net trading income	70	82	85	54
Net income from derivatives and liabilities	264	35	(55)	(88)
Net income from financial investments	5	261	(8)	46
General administrative expenses[1]	(835)	(753)	(764)	(818)
Other net operating income	(190)	(8)	(28)	(16)
Net income from disposal of group assets	0	0	(2)	0
Profit before tax	**340**	**685**	**243**	**188**
Income taxes[1]	(127)	(111)	(83)	(32)
Profit after tax	**213**	**574**	**160**	**155**
Profit attributable to non-controlling interests	8	(33)	0	(14)
Consolidated profit	**221**	**541**	**160**	**142**

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

Statement of financial position

Assets In € million	Notes	30/9/2013	31/12/2012	Change
Cash reserve		5,273	6,557	(19.6)%
Loans and advances to banks	[12, 35]	21,589	22,323	(3.3)%
Loans and advances to customers	[13, 35]	82,431	83,343	(1.1)%
Impairment losses on loans and advances	[14]	(5,734)	(5,642)	1.6%
Trading assets	[15, 35]	7,853	9,813	(20.0)%
Derivatives	[16, 35]	961	1,405	(31.6)%
Financial investments	[17, 35]	13,787	13,355	3.2%
Investments in associates	[35]	5	5	1.5%
Intangible fixed assets	[18]	1,259	1,321	(4.7)%
Tangible fixed assets	[19]	1,631	1,597	2.2%
Other assets	[20, 35]	1,979	2,038	(2.9)%
Total assets		**131,034**	**136,116**	**(3.7)%**

Equity and liabilities In € million	Notes	30/9/2013	31/12/2012	Change
Deposits from banks	[21, 35]	29,617	30,186	(1.9)%
Deposits from customers	[22, 35]	67,496	66,297	1.8%
Debt securities issued	[23]	11,113	13,290	(16.4)%
Provisions for liabilities and charges	[24, 35]	703	721	(2.5)%
Trading liabilities	[25, 35]	5,895	8,824	(33.2)%
Derivatives	[26, 35]	398	472	(15.6)%
Other liabilities	[27, 35]	1,596	1,515	5.3%
Subordinated capital	[28, 35]	3,861	3,937	(1.9)%
Equity	[29]	10,354	10,873	(4.8)%
Consolidated equity[1]		9,442	9,423	0.2%
Consolidated profit[1]		411	731	(43.7)%
Non-controlling interests		501	719	(30.3)%
Total equity and liabilities		**131,034**	**136,116**	**(3.7)%**

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	9	9
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	(353)	411	44	102
Own shares/share incentive program	0	0	0	0	0	0	0
Other changes	0	0	0	70	0	(215)	(145)
Equity as of 30/9/2013	**595**	**2,500**	**2,574**	**3,774**	**411**	**501**	**10,354**

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	18	18
Transferred to retained earnings	0	0	0	563	(563)	0	0
Dividend payments	0	0	0	0	(405)	(50)	(455)
Total comprehensive income	0	0	0	96	842	75	1,014
Own shares/share incentive program	1	0	6	0	0	0	7
Other changes	0	0	0	(86)	0	(297)	(383)
Equity as of 30/9/2012	**595**	**2,500**	**2,576**	**3,735**	**842**	**888**	**11,136**

Statement of cash flows

In € million	1/1-30/9/2013	1/1- 30/9/2012
Cash and cash equivalents at the end of previous period	**6,557**	**11,402**
Cash from the acquisition of subsidiaries[1]	0	340
Net cash from operating activities[1]	(154)	3,000
Net cash from investing activities	(93)	(332)
Net cash from financing activities	(864)	(874)
Effect of exchange rate changes	(173)	(10)
Cash and cash equivalents at the end of period	**5,273**	**13,526**

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

1/1-30/9/2013 In € million	Central Europe	Southeastern Europe	Russia	CIS Other	Group Corporates
Net interest income	803	645	542	307	354
Net fee and commission income	409	252	231	156	117
Net trading income	7	41	121	8	(4)
Other net operating income	19	26	0	(4)	0
Operating income	**1,238**	**964**	**894**	**467**	**468**
General administrative expenses	(784)	(515)	(392)	(268)	(142)
Operating result	**454**	**449**	**502**	**199**	**326**
Net provisioning for impairment losses	(260)	(219)	(19)	(94)	(208)
Other results	(66)	15	24	44	(2)
Profit before tax	**127**	**246**	**507**	**149**	**117**
Income taxes	(54)	(23)	(124)	(32)	(27)
Profit after tax	**73**	**223**	**382**	**117**	**90**
Profit attributable to non-controlling interests	(34)	(1)	(2)	(8)	0
Profit after non-controlling interests	**40**	**222**	**380**	**109**	**90**
Share of profit before tax	9.4%	18.2%	37.5%	11.0%	8.7%
Risk-weighted assets (credit risk)	21,175	12,833	10,226	5,229	13,510
Total own funds requirement	1,981	1,244	981	507	1,144
Assets	38,353	21,358	15,796	5,981	21,667
Liabilities	34,720	18,383	13,445	4,863	13,587
Net interest margin (average interest-bearing assets)	2.90%	4.33%	4.81%	7.27%	2.32%
NPL ratio	12.0%	13.7%	4.4%	25.4%	5.5%
NPL coverage ratio	63.7%	62.2%	101.9%	72.7%	55.5%
Cost/income ratio	63.3%	53.4%	43.8%	57.4%	30.3%
Provisioning ratio (average loans and advances to customers)	1.18%	2.03%	0.26%	2.65%	1.37%
Average equity	3,251	2,034	1,614	839	1,808
Return on equity before tax	**5.2%**	**16.1%**	**41.8%**	**23.6%**	**8.6%**
Business outlets	805	1,121	192	919	9

1/1-30/9/2013 In € million	Group Markets	Corporate Center	Reconciliation	Total
Net interest income	108	651	(634)	2,776
Net fee and commission income	87	(17)	(32)	1,203
Net trading income	70	(2)	(1)	240
Other net operating income	16	94	(104)	48
Operating income	**281**	**726**	**(772)**	**4,267**
General administrative expenses	(193)	(242)	106	(2,430)
Operating result	**89**	**484**	**(666)**	**1,837**
Net provisioning for impairment losses	7	(5)	0	(800)
Other results	13	(381)	12	(342)
Profit before tax	**108**	**98**	**(654)**	**696**
Income taxes	(21)	45	0	(236)
Profit after tax	**87**	**143**	**(655)**	**461**
Profit attributable to non-controlling interests	0	(10)	5	(50)
Profit after non-controlling interests	**87**	**133**	**(649)**	**411**
Share of profit before tax	8.0%	7.2%	–	100.0%
Risk-weighted assets (credit risk)	3,610	16,129	(14,581)	68,132
Total own funds requirement	419	1,377	(1,036)	6,617
Assets	20,778	34,496	(27,395)	131,034
Liabilities	23,292	25,182	(12,792)	120,680
Net interest margin (average interest-bearing assets)	0.72%	–	–	3.08%
NPL ratio	7.9%	–	–	10.3%
NPL coverage ratio	90.2%	–	–	66.1%
Cost/income ratio	68.4%	33.3%	–	56.9%
Provisioning ratio (average loans and advances to customers)	(0.25)%	–	–	1.29%
Average equity	652	2,301	(1,749)	10,750
Return on equity before tax	**22.1%**	**5.7%**	**–**	**8.6%**
Business outlets	4	1	–	3,051

Allocation of dividend payments and total assets in the Corporate Center was adapted for the second quarter according to the new holding structure. This had no impact on group's consolidated profit.

1/1-30/9/2012 In € million	Central Europe	Southeastern Europe	Russia	CIS Other	Group Corporates
Net interest income	774	654	551	317	308
Net fee and commission income	363	241	211	153	119
Net trading income	7	43	65	(5)	20
Other net operating income	9	27	8	(2)	6
Operating income	**1,154**	**965**	**834**	**462**	**453**
General administrative expenses	(723)	(516)	(360)	(278)	(130)
Operating result	**430**	**449**	**474**	**184**	**323**
Net provisioning for impairment losses	(293)	(200)	13	(76)	(52)
Other results	15	13	(2)	(27)	18
Profit before tax	**152**	**261**	**485**	**82**	**288**
Income taxes	(61)	(32)	(103)	(27)	(71)
Profit after tax	**91**	**230**	**383**	**54**	**217**
Profit attributable to non-controlling interests	(19)	(15)	(3)	(4)	0
Profit after non-controlling interests	**72**	**215**	**379**	**51**	**217**
Share of profit before tax	9.1%	15.7%	29.2%	4.9%	17.3%
Risk-weighted assets (credit risk)	21,439	13,150	9,700	5,120	12,393
Total own funds requirement	1,916	1,261	935	498	1,061
Assets	41,601	21,866	15,443	6,356	20,293
Liabilities	37,705	18,939	13,066	5,266	14,315
Net interest margin (average interest-bearing assets)	2.86%	4.18%	5.23%	7.18%	1.92%
NPL ratio	11.1%	12.5%	5.8%	31.3%	4.6%
NPL coverage ratio	61.8%	59.8%	97.1%	68.5%	61.1%
Cost/income ratio	62.7%	53.5%	43.2%	60.2%	28.8%
Provisioning ratio (average loans and advances to customers)	1.40%	1.78%	(0.19)%	2.06%	0.34%
Average equity	2,948	2,042	1,502	779	1,734
Return on equity before tax	**6.9%**	**17.1%**	**43.1%**	**14.0%**	**22.1%**
Business outlets	848	1,135	193	927	8

1/1-30/9/2012 In € million	**Group Markets**	**Corporate Center**	**Reconciliation**	**Total**
Net interest income	128	478	(614)	2,596
Net fee and commission income	76	(30)	(13)	1,120
Net trading income	62	(15)	44	220
Other net operating income	10	109	(103)	63
Operating income	**276**	**542**	**(685)**	**4,000**
General administrative expenses	(192)	(233)	98	(2,336)
Operating result	**83**	**309**	**(587)**	**1,664**
Net provisioning for impairment losses	(19)	3	0	(623)
Other results	174	(156)	42	76
Profit before tax	**238**	**156**	**(546)**	**1,115**
Income taxes	(65)	131	0	(226)
Profit after tax	**173**	**287**	**(546)**	**889**
Profit attributable to non-controlling interests	0	(1)	(4)	(47)
Profit after non-controlling interests	**173**	**286**	**(551)**	**842**
Share of profit before tax	14.3%	9.4%	–	100.0%
Risk-weighted assets (credit risk)	3,273	18,783	(15,076)	68,781
Total own funds requirement	371	1,550	(868)	6,723
Assets	20,068	59,018	(37,516)	147,128
Liabilities	27,002	40,114	(20,415)	135,992
Net interest margin (average interest-bearing assets)	0.87%	–	–	2.60%
NPL ratio	1.0%	–	–	10.0%
NPL coverage ratio	76.4%	–	–	65.8%
Cost/income ratio	69.8%	43.1%	–	58.4%
Provisioning ratio (average loans and advances to customers)	0.55%	–	–	1.00%
Average equity	1,134	2,351	(1,907)	10,582
Return on equity before tax	**28.0%**	**8.8%**	**–**	**14.1%**
Business outlets	3	1	–	3,115

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 September 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 as of 30 September 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 third 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

Rates in units per €	2013 As of 30/9	2013 Average 1/1-30/9	2012 As of 31/12	2012 Average 1/1-30/9
Albanian lek (ALL)	141.370	140.242	139.590	139.165
Belarusian rouble (BYR)	12,250.000	11,537.000	11,340.000	10,649.000
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)	7.615	7.561	7.558	7.523
Czech koruna (CZK)	25.730	25.693	25.151	25.198
Hungarian forint (HUF)	298.150	297.447	292.300	291.577
Kazakh tenge (KZT)	207.560	199.945	199.220	191.605
Malaysian Ringgit (MYR)	4.410	4.149	4.035	4.149
Polish zloty (PLN)	4.229	4.210	4.074	4.215
Romanian leu (RON)	4.462	4.408	4.445	4.431
Russian rouble (RUB)	43.824	41.752	40.330	40.185
Serbian dinar (RSD)	114.604	112.795	113.718	112.780
Singapore dollar (SGD)	1.696	1.648	1.611	1.619
Turkish lira (TRY)	2.751	2.474	2.355	2.321
Ukrainian hryvnia (UAH)	10.820	10.534	10.537	10.270
US-Dollar (USD)	1.351	1.319	1.319	1.289

Changes in consolidated group

Number of units	Fully consolidated 30/9/2013	Fully consolidated 31/12/2012	Equity method 30/9/2013	Equity method 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	(7)	(10)	0	0
As of end of period	**141**	**137**	**1**	**1**

Notes to the income statement

(1) Income statement according to measurement categories

In € million	1/1-30/9/2013	1/1- 30/9/2012
Net income from financial assets and liabilities held-for-trading	142	430
Net income from financial assets and liabilities at fair value through profit or loss	296	138
Net income from financial assets available-for-sale	44	178
Net income from loans and advances	3,040	3,613
Net income from financial assets held-to-maturity	142	174
Net income from financial liabilities measured at acquisition cost	(1,786)	(2,250)
Net income from derivatives (hedging)	25	1
Net revaluations from exchange differences	145	99
Other operating income/expenses	(1,351)	(1,269)
Total profit before tax from continuing operations	**696**	**1,115**

(2) Net interest income

In € million	1/1-30/9/2013	1/1- 30/9/2012
Interest and interest-like income, total	**4,564**	**4,959**
Interest income	4,535	4,923
from balances at central banks	30	56
from loans and advances to banks	167	322
from loans and advances to customers	3,486	3,678
from financial investments	407	443
from leasing claims	143	163
from derivative financial instruments (non-trading), net	302	262
Current income	13	16
Interest-like income	16	20
Current income from associates	**0**	**0**
Interest expenses and interest-like expenses, total	**(1,787)**	**(2,363)**
Interest expenses	(1,757)	(2,332)
on deposits from central banks	(1)	(2)
on deposits from banks	(307)	(633)
on deposits from customers	(1,029)	(1,196)
on debt securities issued	(279)	(341)
on subordinated capital	(142)	(160)
Interest-like expenses	(30)	(31)
Total	**2,776**	**2,596**

(3) Net provisioning for impairment losses

In € million	1/1-30/9/2013	1/1-30/9/2012
Individual loan loss provisions	**(781)**	**(719)**
Allocation to provisions for impairment losses	(1,274)	(1,117)
Release of provisions for impairment losses	507	458
Direct write-downs	(79)	(109)
Income received on written-down claims	65	49
Portfolio-based loan loss provisions	**(28)**	**90**
Allocation to provisions for impairment losses	(274)	(284)
Release of provisions for impairment losses	246	373
Gains from loan termination or sale	**10**	**6**
Total	**(800)**	**(623)**

(4) Net fee and commission income

In € million	1/1-30/9/2013	1/1-30/9/2012
Payment transfer business	539	486
Loan and guarantee business	182	190
Securities business	109	86
Foreign currency, notes/coins, and precious metals business	263	263
Management of investment and pension funds	24	16
Sale of own and third party products	34	31
Other banking services	52	48
Total	**1,203**	**1,120**

(5) Net trading income

In € million	1/1-30/9/2013	1/1-30/9/2012
Interest-based transactions	15	79
Currency-based transactions	198	162
Equity-/index-based transactions	23	11
Credit derivatives business	(1)	(13)
Other transactions	5	(19)
Total	**240**	**220**

The refinancing expenses for trading assets that are included in net trading income amounted to € 42 million (comparable period: € 49 million).

(6) Income from derivatives and liabilities

In € million	1/1-30/9/2013	1/1- 30/9/2012
Net income from hedge accounting	(8)	5
Net income from credit derivatives	1	6
Net income from other derivatives	(225)	37
Net income from liabilities designated at fair value	(12)	(268)
Income from repurchase of liabilities	0	112
Total	**(243)**	**(108)**

(7) Net income from financial investments

In € million	1/1-30/9/2013	1/1- 30/9/2012
Net income from securities held-to-maturity	**1**	**3**
Net valuations of securities	0	3
Net proceeds from sales of securities	1	0
Net income from equity participations	**32**	**10**
Net valuations of equity participations	(18)	(4)
Net proceeds from sales of equity participations	49	14
Net income from securities at fair value through profit and loss	**40**	**130**
Net valuations of securities	22	65
Net proceeds from sales of securities	18	65
Net income from available-for-sale securities	**0**	**156**
Total	**73**	**299**

(8) General administrative expenses

In € million	1/1-30/9/2013	1/1- 30/9/2012
Staff expenses[1]	(1,227)	(1,178)
Other administrative expenses	(920)	(884)
Depreciation of intangible and tangible fixed assets	(283)	(274)
Total	**(2,430)**	**(2,336)**

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	1/1-30/9/2013	1/1- 30/9/2012
Net income arising from non-banking activities	25	35
Sales revenues from non-banking activities	503	580
Expenses arising from non-banking activities	(479)	(545)
Net income from additional leasing services	(1)	(2)
Revenues from additional leasing services	54	56
Expenses from additional leasing services	(55)	(58)
Rental income from operating lease (vehicles and equipment)	24	25
Rental income from investment property incl. operating lease (real estate)	25	18
Net proceeds from disposal of tangible and intangible fixed assets	(7)	(1)
Other taxes	(208)	(140)
hereof bank levies and financial transaction tax	(163)	(114)
Impairment of goodwill	(3)	(1)
Net expense from allocation and release of other provisions	10	13
Negative interest	0	0
Sundry operating income	45	38
Sundry operating expenses	(28)	(37)
Total	**(117)**	**(52)**

(10) Income taxes

In € million	1/1-30/9/2013	1/1- 30/9/2012
Current income taxes	(262)	(225)
Austria	(21)	(11)
Foreign	(241)	(214)
Deferred taxes[1]	26	(2)
Total	**(236)**	**(226)**

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	30/9/2013	31/12/2012
Cash reserve	5,273	6,557
Trading assets	8,257	10,517
Financial assets at fair value through profit or loss	8,979	8,348
Investments in associates	5	5
Financial assets available-for-sale	471	456
Loans and advances	100,229	102,017
Financial assets held-to-maturity	4,374	4,596
Derivatives (hedging)	557	702
Other assets	2,890	2,918
Total assets	**131,034**	**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	30/9/2013	31/12/2012
Trading liabilities	6,116	9,176
Financial liabilities	110,927	111,868
Liabilities at fair value through profit and loss	2,757	3,358
Derivatives (hedging)	177	120
Provisions for liabilities and charges	703	721
Equity	10,354	10,873
Total equity and liabilities	**131,034**	**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	30/9/2013	31/12/2012
Austria	7,652	10,046
Foreign	13,937	12,277
Total	**21,589**	**22,323**

Loans and advances to banks include € 5,658 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	30/9/2013	31/12/2012
Sovereigns	1,639	1,387
Corporate customers – large corporates	50,501	52,213
Corporate customers – mid market	3,224	3,272
Retail customers – private individuals	24,072	23,489
Retail customers – small and medium-sized entities	2,874	2,946
Other	122	37
Total	**82,431**	**83,343**

Loans and advances to customers include € 1,224 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	30/9/2013	31/12/2012
Austria	7,100	8,399
Foreign	75,332	74,944
Total	**82,431**	**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	30/9/2013	31/12/2012
Banks	129	158
Sovereigns	5	11
Corporate customers – large corporates	2,986	2,836
Corporate customers – mid market	396	387
Retail customers – private individuals	1,855	1,881
Retail customers – small and medium-sized entities	363	369
Total	**5,734**	**5,642**

(15) Trading assets

In € million	30/9/2013	31/12/2012
Bonds, notes and other fixed-interest securities	3,916	2,720
Shares and other variable-yield securities	317	277
Positive fair values of derivative financial instruments	3,621	6,816
Call/time deposits from trading purposes	0	0
Total	**7,853**	**9,813**

(16) Derivatives

In € million	30/9/2013	31/12/2012
Positive fair values of derivatives in fair value hedges (IAS 39)	555	698
Positive fair values of derivatives in cash flow hedges (IAS 39)	2	4
Positive fair values of credit derivatives	2	1
Positive fair values of other derivatives	401	702
Total	**961**	**1,405**

(17) Financial investments

In € million	30/9/2013	31/12/2012
Bonds, notes and other fixed-interest securities	13,167	12,741
Shares and other variable-yield securities	150	158
Equity participations	471	456
Total	**13,787**	**13,355**

(18) Intangible fixed assets

In € million	30/9/2013	31/12/2012
Goodwill	551	558
Software	516	566
Other intangible fixed assets	191	198
Total	**1,259**	**1,321**

(19) Tangible fixed assets

In € million	30/9/2013	31/12/2012
Land and buildings used by the Group for own purpose	703	722
Other land and buildings (investment property)	203	150
Office furniture, equipment and other tangible fixed assets	425	429
Leased assets (operating lease)	300	296
Total	**1,631**	**1,597**

(20) Other assets

In € million	30/9/2013	31/12/2012
Tax assets	571	505
Current tax assets	86	52
Deferred tax assets	485	453
Receivables arising from non-banking activities	122	103
Prepayments and other deferrals	209	215
Clearing claims from securities and payment transfer business	606	553
Lease in progress	73	49
Assets held for sale (IFRS 5)	64	64
Inventories	149	138
Valuation fair value hedge portfolio	17	11
Any other business	169	399
Total	**1,979**	**2,038**

(21) Deposits from banks

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

In € million	30/9/2013	31/12/2012
Austria	15,752	13,598
Foreign	13,865	16,589
Total	**29,617**	**30,186**

Deposits from banks include € 1,471 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	30/9/2013	31/12/2012
Sovereigns	2,044	1,079
Corporate customers – large corporates	31,373	29,072
Corporate customers – mid market	2,240	2,495
Retail customers – private individuals	27,188	29,140
Retail customers – small and medium-sized entities	4,038	3,894
Other	612	618
Total	**67,496**	**66,297**

Deposits from customers include € 1,317 million (31/12/2012: € 69 million) from repo transactions.

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

In € million	30/9/2013	31/12/2012
Austria	5,634	5,578
Foreign	61,862	60,719
Total	**67,496**	**66,297**

(23) Debt securities issued

In € million	30/9/2013	31/12/2012
Bonds and notes issued	10,939	12,767
Money market instruments issued	123	368
Other debt securities issued	51	155
Total	**11,113**	**13,290**

(24) Provisions for liabilities and charges

In € million	30/9/2013	31/12/2012
Severance payments	68	66
Retirement benefits	28	28
Taxes	93	109
Current	63	83
Deferred	31	26
Contingent liabilities and commitments	111	151
Pending legal issues	51	54
Overdue vacation	59	56
Bonus payments	214	194
Restructuring	9	16
Other	71	47
Total	**703**	**721**

(25) Trading liabilities

In € million	30/9/2013	31/12/2012
Negative fair values of derivative financial instruments	**4,569**	**7,447**
Interest-based transactions	2,889	5,863
Currency-based transactions	603	732
Equity-/index-based transactions	936	835
Credit derivatives business	10	13
Other transactions	132	5
Short-selling of trading assets	**659**	**622**
Call/time deposits from trading purposes	**0**	**10**
Certificates issued	**667**	**745**
Total	**5,895**	**8,824**

(26) Derivatives

In € million	30/9/2013	31/12/2012
Negative fair values of derivatives in fair value hedges (IAS 39)	137	117
Negative fair values of derivatives in cash flow hedges (IAS 39)	40	3
Negative fair values of credit derivatives	0	1
Negative fair values of derivative financial instruments	221	351
Total	**398**	**472**

(27) Other liabilities

In € million	30/9/2013	31/12/2012
Liabilities from non-banking activities	71	96
Accruals and deferred items	273	269
Liabilities from dividends	1	1
Clearing claims from securities and payment transfer business	573	515
Valuation fair value hedge portfolio	40	48
Any other business	639	587
Total	**1,596**	**1,515**

(28) Subordinated capital

In € million	30/9/2013	31/12/2012
Hybrid tier 1 capital	448	450
Subordinated liabilities	3,108	3,183
Supplementary capital	306	304
Total	**3,861**	**3,937**

(29) Equity

In € million	30/9/2013	31/12/2012[1]
Consolidated equity	9,442	9,423
Subscribed capital	595	595
Participation capital	2,500	2,500
Capital reserves	2,574	2,574
Retained earnings	3,774	3,754
Consolidated profit	411	731
Non-controlling interests	501	719
Total	**10,354**	**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 material risk categories being measured based on comparable 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	30/9/2013	Share	31/12/2012	Share
Credit risk private individuals	2,345	26.0%	2,457	26.5%
Credit risk corporate customers	2,391	26.6%	2,384	25.7%
Credit risk sovereigns	898	10.0%	962	10.4%
Credit risk financial institutions	265	2.9%	312	3.4%
Market risk	723	8.0%	791	8.5%
Operational risk	790	8.8%	775	8.4%
Liquidity risk	285	3.2%	207	2.2%
Participation risk	188	2.1%	194	2.1%
Other tangible fixed assets	397	4.4%	411	4.4%
Macroeconomic risk	293	3.3%	338	3.6%
Risk buffer	429	4.8%	442	4.8%
Total	**9,004**	**100.0%**	**9,272**	**100.0%**

Regional allocation of economic capital according to booking Group unit:

In € million	30/9/2013	Share	31/12/2012	Share
Central Europe	3,122	34.7%	3,447	37.2%
Southeastern Europe	1,791	19.9%	1,773	19.1%
Austria	1,652	18.3%	1,794	19.4%
Russia	1,435	15.9%	1,227	13.2%
CIS Other	728	8.1%	797	8.6%
Rest of the world	276	3.1%	233	2.5%
Total	**9,004**	**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	30/9/2013	31/12/2012
Cash reserve	3,148	4,272
Loans and advances to banks	21,589	22,323
Loans and advances to customers	82,431	83,343
Trading assets	7,853	9,813
Derivatives	961	1,405
Financial investments	13,167	12,741
Other assets	285	217
Contingent liabilities	11,661	11,707
Commitments	11,168	10,609
Revocable credit lines	16,121	16,224
Description differences	(2,649)	(2,558)
Total	**165,734**	**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		30/9/2013	Share	31/12/2012	Share
0.5	Minimal Risk	1,138	1.4%	1,185	1.5%
1.0	Excellent credit standing	8,035	9.9%	8,439	10.4%
1.5	Very good credit standing	9,606	11.9%	8,983	11.1%
2.0	Good credit standing	12,129	15.0%	12,419	15.4%
2.5	Sound credit standing	11,857	14.7%	11,745	14.5%
3.0	Acceptable credit standing	12,300	15.2%	12,451	15.4%
3.5	Marginal credit standing	10,617	13.1%	11,276	13.9%
4.0	Weak credit standing/sub-standard	5,158	6.4%	5,223	6.5%
4.5	Very weak credit standing/doubtful	3,250	4.0%	3,361	4.2%
5.0	Default	5,284	6.5%	4,926	6.1%
NR	Not rated	1,417	1.8%	887	1.1%
Total		**80,793**	**100.0%**	**80,896**	**100.0%**

Compared to year-end 2012, total credit exposure for corporate customers decreased € 103 million to € 80,793 million. At the end of the third quarter, the largest segment in terms of corporate customers was Group Corporates with € 32,923 million, followed by Central Europe with € 17,719 million, Southeastern Europe with € 10,180 million and Russia with € 9,921million. The rest is divided between Group Markets with € 4,933 million, CIS Other with € 4,129 million and Corporate Center with € 987 million.

The share of loans with good to minimum risk credit profiles slightly decreased from 38.4 per cent in 2012 to 38.2 per cent. The share of loans with marginal credit standing to even weaker credit profiles decreased from 24.6 per cent to 23.5 per cent which reflects the loan portfolio's active management. Based thereon, the portfolio's growth is strongly focused on economically thriving markets such as Russia and at the same time the high lending standards demand that new loans were granted primarily to customers with good credit ratings. Compared to year-end 2012, the highest rise was reported in the segment CIS Other with an increase of € 447 million. The increase was due to new commitment lines (€ 204 million) and facilities (€ 153 million).

The share of default loans under Basel II (rating 5.0) was 6.5 per cent of total credit exposure to corporate customers (€ 5,284 million). The highest increase was shown in the segment Group Corporates.

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

In € million	30/9/2013	Share	31/12/2012	Share
Central Europe	21,565	24.2%	22,067	24.7%
Austria	17,008	19.1%	16,573	18.6%
Southeastern Europe	11,026	12.4%	11,294	12.6%
Western Europe	10,672	12.0%	10,575	11.8%
Russia	11,845	13.3%	12,117	13.6%
Asia	6,273	7.0%	6,928	7.8%
CIS Other	4,129	4.6%	3,682	4.1%
Other	6,750	7.6%	6,081	6.8%
Total	**89,268**	**100.0%**	**89,317**	**100.0%**

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

In € million	30/9/2013	Share	31/12/2012	Share
Wholesale and retail trade	21,805	24.4%	21,051	23.6%
Manufacturing	18,950	21.2%	18,580	20.8%
Real estate	10,032	11.2%	9,838	11.0%
Financial intermediation	8,467	9.5%	9,623	10.8%
Construction	6,416	7.2%	6,787	7.6%
Transport, storage and communication	4,141	4.6%	3,747	4.2%
Other industries	19,457	21.8%	19,691	22.0%
Total	**89,268**	**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		30/9/2013	Share	31/12/2012	Share
6.1	Excellent project risk profile – very low risk	3,032	35.8%	3,734	44.3%
6.2	Good project risk profile – low risk	2,943	34.7%	2,523	30.0%
6.3	Acceptable project risk profile – average risk	1,491	17.6%	1,241	14.7%
6.4	Poor project risk profile – high risk	491	5.8%	391	4.6%
6.5	Default	512	6.0%	503	6.0%
NR	Not rated	6	0.1%	29	0.3%
Total		**8,475**	**100.0%**	**8,421**	**100.0%**

The credit exposure in project finance amounted to € 8,475 million at the end of the third 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 70.5 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 0.1 per cent (€ 6 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	30/9/2013	Share	31/12/2012[1]	Share
Retail customers – private individuals	26,544	89.1%	25,856	88.7%
Retail customers – small and medium-sized entities	3,237	10.9%	3,278	11.3%
Total	**29,781**	**100.0%**	**29,134**	**100.0%**
hereof non-performing loans	3,035	10.2%	3,054	10.5%
hereof individual loan loss provision	1,727	5.8%	1,678	5.8%
hereof portfolio-based loan loss provision	491	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):

30/9/2013 In € million	Central Europe	Southeastern Europe	Russia	CIS Other	Group Markets
Retail customers – private individuals	13,654	6,776	4,570	1,475	69
Retail customers – small and medium-sized entities	2,104	758	79	295	0
Total	**15,758**	**7,534**	**4,649**	**1,770**	**69**
hereof non-performing loans	1,616	597	191	626	1
hereof individual loan loss provision	761	371	159	432	0
hereof portfolio-based loan loss provision	380	59	29	23	0

31/12/2012 In € million	Central Europe	Southeastern Europe	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

Compared to year-end 2012, the total credit exposure to retail customers rose by € 647 million to € 29,781 million in the third quarter of 2013. The highest volume amounting to € 15,758 million was booked in the segment Central Europe. Compared to year-end 2012, this represents a reduction of € 456 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 € 7,534 million. Compared to year-end 2012, this represents an increase of € 154 million resulting from the purchase of retail portfolio of Citibank. The segment Russia reported an increase of € 913 million based on the strategic decision to enlarge retail portfolio.

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

In € million	30/9/2013	Share	31/12/2012[1]	Share
Mortgage loans	15,649	52.5%	14,447	49.6%
Personal loans	5,838	19.6%	6,580	22.6%
Credit cards	2,414	8.1%	2,326	8.0%
Car loans	2,245	7.5%	2,457	8.4%
Overdraft	2,003	6.7%	1,990	6.8%
SME financing	1,632	5.5%	1,334	4.6%
Total	**29,781**	**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	30/9/2013	Share	31/12/2012	Share
Euro	4,076	41.3%	4,054	38.6%
Swiss franc	4,685	47.5%	5,110	48.6%
US-Dollar	997	10.1%	1,199	11.4%
Other foreign currencies	109	1.1%	141	1.3%
Loans in foreign currencies	**9,867**	**100.0%**	**10,504**	**100.0%**
Share of total loans	**33.1%**		**36.1%**	

Compared to year-end 2012, foreign currency loans in Swiss francs and US-Dollars declined, while those in Euro increased slightly by € 22 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		30/9/2013	Share	31/12/2012	Share
A1	Excellent credit standing	261	0.9%	96	0.3%
A2	Very good credit standing	997	3.5%	986	3.0%
A3	Good credit standing	12,799	45.6%	19,974	61.0%
B1	Sound credit standing	8,576	30.5%	7,338	22.4%
B2	Average credit standing	2,203	7.8%	1,782	5.4%
B3	Mediocre credit standing	1,890	6.7%	1,047	3.2%
B4	Weak credit standing	664	2.4%	697	2.1%
B5	Very weak credit standing	305	1.1%	330	1.0%
C	Doubtful/high default risk	137	0.5%	157	0.5%
D	Default	231	0.8%	269	0.8%
NR	Not rated	21	0.1%	49	0.1%
Total		**28,085**	**100.0%**	**32,725**	**100.0%**

Total credit exposure amounted to € 28,085 million in the third quarter of 2013, which represents a decline of € 4,640 million compared to the year-end 2012. At € 12,799 million, or 45.6 per cent, the bulk of this customer group was in the A3 rating class, which decreased by € 7,175 million compared to year-end 2012. This decline resulted from a contraction in the swap and money-market transactions.

At € 22,017 million or 78.4 per cent, the segment Group Markets had the largest share of the loan portfolio with financial institutions, followed by the segment Group Corporates with € 2,190 million, or 7.8 per cent.

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

In € million	30/9/2013	Share	31/12/2012	Share
Money market	7,851	28.0%	9,444	28.9%
Derivatives	7,626	27.2%	12,124	37.0%
Repo	5,923	21.1%	4,737	14.5%
Loans	2,982	10.6%	3,580	10.9%
Bonds	2,972	10.6%	2,162	6.6%
Other	729	2.6%	678	2.1%
Total	**28,085**	**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		30/9/2013	Share	31/12/2012	Share
A1	Excellent credit standing	1,497	8.0%	1,561	8.2%
A2	Very good credit standing	1,701	9.1%	793	4.2%
A3	Good credit standing	3,148	16.9%	3,861	20.4%
B1	Sound credit standing	2,633	14.2%	2,730	14.4%
B2	Average credit standing	1,294	7.0%	1,272	6.7%
B3	Mediocre credit standing	3,455	18.6%	3,415	18.0%
B4	Weak credit standing	3,436	18.5%	3,795	20.1%
B5	Very weak credit standing	1,395	7.5%	1,172	6.2%
C	Doubtful/high default risk	5	0.0%	232	1.2%
D	Default	36	0.2%	83	0.4%
NR	Not rated	1	0.0%	7	0.0%
Total		**18,601**	**100.0%**	**18,921**	**100.0%**

Compared to year-end 2012, the credit exposure to sovereigns sank € 320 million to € 18,601 million in the third quarter of 2013, which represents 11.3 per cent of the bank's total credit exposure.

The rating class excellent credit standing (A1 rating) reported a decline of € 64 million. This was attributable to a decrease of deposits with the Austrian National Bank (minus € 668 million) which was mostly compensated by a portfolio increase of Austrian state bonds (plus € 554 million).

The intermediate rating classes good credit standing (A3 rating) to mediocre credit standing (B3 rating) accounted for the highest share with 56.7 per cent of the total credit exposure. 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 € 4,831million, or 26.0 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	30/9/2013	Share	31/12/2012	Share
Bonds	12,734	68.5%	12,273	64.9%
Loans	4,764	25.6%	5,312	28.1%
Derivatives	783	4.2%	795	4.2%
Other	320	1.7%	541	2.9%
Total	**18,601**	**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	30/9/2013	Share	31/12/2012	Share
Hungary	1,834	22.0%	2,234	25.7%
Romania	1,769	21.2%	1,808	20.8%
Croatia	968	11.6%	1,023	11.7%
Albania	869	10.4%	976	11.2%
Ukraine	678	8.1%	766	8.8%
Other	2,210	26.5%	1,898	21.8%
Total	**8,329**	**100.0%**	**8,704**	**100.0%**

Compared to year-end 2012, the credit exposure to non-investment grade sovereigns decreased € 375 million to € 8,329 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	30/9/2013	31/12/2012	30/9/2013	31/12/2012	30/9/2013	31/12/2012
Corporate customers	5,416	5,073	10.1%	9.1%	62.0%	63.5%
Retail customers	3,033	3,052	11.3%	11.5%	73.1%	73.7%
Sovereigns	28	57	1.7%	4.1%	18.2%	19.8%
Total nonbanks	**8,478**	**8,183**	**10.3%**	**9.8%**	**66.1%**	**67.0%**
Banks	171	202	0.8%	0.9%	75.2%	78.2%
Total	**8,649**	**8,385**	**8.3%**	**7.9%**	**66.0%**	**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	30/9/2013	31/12/2012	30/9/2013	31/12/2012	30/9/2013	31/12/2012
Central Europe	3,514	3,447	11.4%	10.8%	63.7%	64.0%
Southeastern Europe	1,952	1,808	11.6%	10.9%	62.2%	62.0%
Russia	444	489	3.4%	3.8%	101.9%	100.0%
CIS Other	1,186	1,307	23.3%	24.7%	72.7%	70.2%
Group Corporates	1,170	923	5.2%	4.7%	56.1%	60.6%
Group Markets	360	410	2.2%	2.0%	81.1%	79.8%
Corporate Center	22	0	0.3%	0.0%	78.8%	0.0%
Total	**8,649**	**8,385**	**8.3%**	**7.9%**	**66.0%**	**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 30/9/2013
Corporate customers	5,073	(11)	(77)	1,430	(998)	5,416
Retail customers	3,052	(3)	(74)	766	(708)	3,033
Sovereigns	57	0	(1)	15	(42)	28
Total nonbanks	**8,183**	**(14)**	**(153)**	**2,210**	**(1,749)**	**8,478**
Banks	202	0	(1)	1	(31)	171
Total	**8,385**	**(14)**	**(154)**	**2,212**	**(1,780)**	**8,649**

In Corporate Customers, total non-performing loans increased € 343 million to € 5,416 million at the end of the third quarter 2013. The ratio of non-performing loans to total credit exposure rose 1.0 percentage points to 10.1 per cent, the NPL coverage ratio went down 1.5 percentage points to 62.0 per cent. In the retail porfolio, non-performing loans declined slightly by 0.6 per cent, or € 19 million, to € 3,033 million. The ratio of non-performing loans to total credit exposure decreased 0.2 percentage points to 11.3 per cent, while the NPL coverage ratio sank likewise 0.6 percentage points to 73.1 per cent. Non-performing loans for financial institutions amounted to € 171 million at the end of the third quarter 2013, thus representing a decrease of € 31 million compared to year-end 2012 and the NPL coverage ratio sank 3.0 percentage points to 75.2 per cent.

In Central Europe, non-performing loans increased by 2.0 per cent, or € 67 million, to € 3,514 million. The ratio of non-performing loans to total credit exposure increased 0.6 percentage points to 11.4 per cent, while the NPL coverage ratio went down 0.3 percentage points to 63.7 per cent. In the segment Southeastern Europe, non-performing loans increased 8.0 per cent, or € 144 million, to € 1,952 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 0.2 percentage points to 62.2 per cent. In the segment CIS Other, non-performing loans sank 9.2 per cent, or € 121 million, to € 1,186 million. NPL ratio decreased 1.4 percentage points to 23.3 per cent and the NPL coverage ratio however went up 2.5 percentage points to 72.7 per cent. In Group Corporates, non-performing loans climbed up 26.7 per cent, or € 247 million, to € 1,170 million. NPL ratio rose 0.5 percentage points to 5.2 per cent and the NPL coverage ratio however decreased 4.5 percentage points to 56.1 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 30/9/2013
Individual loan loss provision	4,843	(30)	1,288	(507)	(599)	(19)	4,977
Portfolio-based loan loss provisions	950	0	274	(246)	0	(110)	868
Total	**5,793**	**(30)**	**1,562**	**(753)**	**(599)**	**(128)**	**5,845**

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	30/9/2013	Share	31/12/2012	Share
Austria	**28,099**	**17.0%**	**30,710**	**18.1%**
Central Europe	**45,897**	**27.7%**	**47,879**	**28.1%**
Poland	13,919	8.4%	14,599	8.6%
Slovakia	11,657	7.0%	11,426	6.7%
Czech Republic	10,621	6.4%	11,090	6.5%
Hungary	8,004	4.8%	8,735	5.1%
Other	1,696	1.0%	2,030	1.2%
European Union	**22,164**	**13.4%**	**23,034**	**13.5%**
Germany	6,183	3.7%	6,198	3.6%
France	4,677	2.8%	5,262	3.1%
Great Britain	4,356	2.6%	6,932	4.1%
Netherlands	1,764	1.1%	1,436	0.8%
Other	5,184	3.1%	3,206	1.9%
Southeastern Europe	**24,575**	**14.8%**	**24,587**	**14.5%**
Romania	8,333	5.0%	8,006	4.7%
Croatia	5,432	3.3%	5,663	3.3%
Bulgaria	4,175	2.5%	4,263	2.5%
Serbia	2,181	1.3%	2,073	1.2%
Other	4,455	2.7%	4,581	2.7%
Russia	**20,563**	**12.4%**	**19,861**	**11.7%**

In € million	30/9/2013	Share	31/12/2012	Share
Asia	**9,521**	**5.7%**	**9,670**	**5.7%**
China	4,107	2.5%	4,167	2.4%
Singapore	1,817	1.1%	1,754	1.0%
Other	3,597	2.2%	3,749	2.2%
CIS Other	**7,887**	**4.8%**	**7,409**	**4.4%**
Ukraine	5,833	3.5%	5,633	3.3%
Other	2,054	1.2%	1,776	1.0%
North America	**3,509**	**2.1%**	**3,496**	**2.1%**
Rest of the world	**3,519**	**2.1%**	**3,451**	**2.0%**
Total	**165,734**	**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 30/9/2013	Average VaR	Minimum VaR	Maximum VaR	VaR as of 31/12/2012
Currency risk	47	55	38	85	52
Interest rate risk	11	16	10	30	17
Credit spread risk	23	28	18	53	21
Share price risk	1	2	1	2	2
Vega risk	1	1	0	1	1
Total	68	79	56	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	30/9/2013			31/12/2012		
Maturity	1 week	1 month	1 year	1 week	1 month	1 year
Liquidity gap	14,044	14,192	11,614	14,823	12,225	13,467
Liquidity ratio	141%	128%	111%	135%	118%	110%

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	30/9/2013	31/12/2012
Contingent liabilities	**11,661**	**11,707**
Acceptances and endorsements	22	38
Credit guarantees	6,488	6,507
Other guarantees	2,519	2,375
Letters of credit (documentary business)	2,495	2,733
Other contingent liabilities	138	54
Commitments	**11,168**	**10,609**
Irrevocable credit lines and stand-by facilities	11,168	10,609
Up to 1 year	3,643	3,971
More than 1 year	7,524	6,638

(32) Derivatives

30/9/2013 In € million	Up to 1 year	Nominal amount by maturity 1 year to 5 years	More than 5 years	Total	Fair values Positive	Negative
Interest rate contracts	34,576	59,766	42,606	136,947	3,752	(3,203)
Foreign exchange rate and gold contracts	47,705	9,046	2,623	59,374	715	(743)
Equity/index contracts	1,700	1,455	379	3,535	133	(936)
Commodities	315	143	12	470	10	(112)
Credit derivatives	131	1,664	23	1,818	16	(11)
Precious metals contracts	48	10	13	71	0	(19)
Total	**84,475**	**72,083**	**45,657**	**202,215**	**4,626**	**(5,025)**

31/12/2012 In € million	Up to 1 year	Nominal amount by maturity 1 year to 5 years	More than 5 years	Total	Fair values 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	30/9/2013 Fair value	Carrying amount	Difference	31/12/2012 Fair value	Carrying amount	Difference
Assets						
Cash reserve	5,273	5,273	0	6,557	6,557	0
Loans and advances to banks	21,516	21,460	56	22,226	22,166	60
Loans and advances to customers	76,792	76,826	(34)	77,990	77,859	131
Financial investments	4,939	4,802	137	5,104	4,956	149
Liabilities						
Deposits from banks	29,697	29,617	80	30,175	30,186	(11)
Deposits from customers	67,764	67,496	268	66,539	66,297	242
Debt securities issued	9,130	9,005	125	10,765	10,812	(47)
Subordinated capital	3,245	3,212	33	2,805	3,057	(252)

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

In € million	30/9/2013 Level I	Level II	Level III	31/12/2012 Level I	Level II	Level III
Trading assets	**3,472**	**4,614**	**170**	**2,118**	**8,305**	**93**
Positive fair values of derivatives[1]	129	3,794	101	100	7,327	93
Shares and other variable-yield securities	312	5	1	265	12	1
Bonds, notes and other fixed-interest securities	3,031	816	68	1,754	965	0
Call/time deposits from trading purposes	0	0	0	0	0	0
Financial assets at fair value through profit or loss	**5,465**	**3,489**	**25**	**5,099**	**3,233**	**16**
Shares and other variable-yield securities	39	106	5	48	105	5
Bonds, notes and other fixed-interest securities	5,426	3,383	20	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**	**557**	**0**	**0**	**702**	**0**
Positive fair values of derivatives from hedge accounting	0	557	0	0	702	0

In € million	30/9/2013 Level I	Level II	Level III	31/12/2012 Level I	Level II	Level III
Trading liabilities	**861**	**5,231**	**25**	**788**	**8,361**	**28**
Negative fair values of derivatives financial instruments[1]	202	4,572	17	165	7,613	20
Call/time deposits from trading purposes	0	0	0	0	10	0
Short-selling of trading assets	659	0	0	622	0	0
Certificates issued	0	659	7	0	738	7
Liabilities at fair value through profit and loss	**0**	**2,757**	**0**	**0**	**3,358**	**0**
Debt securities issued	0	2,108	0	0	2,478	0
Subordinated capital	0	649	0	0	880	0
Derivatives (hedging)	**0**	**177**	**0**	**0**	**120**	**0**
Negative fair values of derivatives from hedge accounting	0	177	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 decreased. 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 activity 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 the third quarter 2013, a reclassification in Level III of € 68 million was made due to the change to a price-based measurement of corporate bonds by using unobservable parameters.

In € million	As of 1/1/2013	Changes in consolidated group	Exchange differences	Purchases	Sales, repayment
Trading assets	93	0	(2)	0	0
Financial assets at fair value through profit or loss	16	0	0	20	(16)

In € million	Gains/loss in P/L	Gains/loss in other comprehensive income	Transfer to level III	Transfer from level III	As of 30/9/2013
Trading assets	10	0	68	0	170
Financial assets at fair value through profit or loss	(1)	0	5	0	25

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 30/9/2013
Trading liabilities	(3)	0	0	0	25

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	Approximation method	-	-
Bonds, notes and other fixed-interest securities	Fixed coupon bonds	87	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 derivatives without hedge accounting	Forward foreign exchange contracts	101	Discounted cash flow	Interest rate	10 - 30%
Total		**194**			

Financial liabilities	Type	Fair value in € million	Valuation technique	Significant unobservable inputs	Range of unobservable inputs
Negative fair value of banking book derivatives 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		**25**			

(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:

30/9/2013 **In € million**	**Parent companies**	**Affiliated companies**	**Companies valued at equity**	**Other interests**
Loans and advances to banks	5,567	99	192	135
Loans and advances to customers	0	1,296	41	250
Trading assets	0	30	15	2
Financial investments	0	367	2	107
Investments in associates	0	0	5	0
Other assets including derivatives	3	18	0	1
Deposits from banks	6,454	24	4,784	192
Deposits from customers	1	597	589	314
Provisions for liabilities and charges	0	0	0	0
Trading liabilities	0	18	0	0
Other liabilities including derivatives	3	8	0	0
Subordinated capital	51	0	0	0
Guarantees given	0	117	3	15
Guarantees received	594	401	182	57

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	30/9/2013	31/12/2012
Paid-in capital	5,669	5,669
Earned capital	2,947	3,071
Non-controlling interests	448	848
Hybrid tier 1 capital	441	441
Intangible fixed assets	(708)	(750)
Core capital (tier 1 capital)	**8,797**	**9,279**
Deductions from core capital	(14)	(14)
Eligible core capital (after deductions)	**8,783**	**9,265**
Supplementary capital according to Section 23 (1) 5 BWG	0	0
Provision excess of internal rating approach positions	229	226
Hidden reserves	10	34
Long-term subordinated capital	2,970	3,080
Additional own funds (tier 2 capital)	**3,209**	**3,340**
Deduction items: participations, securitizations	(14)	(14)
Eligible additional own funds (after deductions)	**3,194**	**3,326**
Deduction items: insurance companies	0	(8)
Tier 2 capital available to be redesignated as tier 3 capital	277	302
Total own funds	**12,254**	**12,885**
Total own funds requirement	**6,617**	**6,626**
Excess own funds	5,637	6,260
Excess cover ratio	85.2%	94.5%
Core tier 1 ratio, total	10.1%	10.7%
Tier 1 ratio, credit risk	12.9%	13.6%
Tier 1 ratio, total	10.6%	11.2%
Own funds ratio	14.8%	15.6%

The total own funds requirement breaks down as follows:

In € million	30/9/2013	31/12/2012
Risk-weighted assets according to section 22 BWG	**68,132**	**68,136**
of which 8 per cent minimum own funds for the credit risk according to Sections 22a to 22h BWG	5,451	5,451
Standardized approach	2,401	2,439
Internal rating approach	3,049	3,012
Settlement risk	0	0
Own funds requirement for position risk in bonds, equities and commodities	287	273
Own funds requirement for open currency positions	62	56
Own funds requirement for operational risk	817	845
Total own funds requirement	**6,617**	**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	1/1-30/9/2013	1/1- 30/9/2012
Austria	2,658	2,669
Foreign	56,638	58,976
Total	**59,296**	**61,645**

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