

Third Quarter Report 2014

Survey of key data

Raiffeisen Bank International Group			
Monetary values in € million	2014	Change	2013
Income statement	1/1-30/9		1/1-30/9
Net interest income	2,894	4.2%	2,776
Net provisioning for impairment losses	(1,083)	35.4%	(800)
Net fee and commission income	1,168	(2.8)%	1,203
Net trading income	38	(84.0)%	240
General administrative expenses	(2,295)	(5.5)%	(2,430)
Profit before tax	502	(27.9)%	696
Profit after tax	259	(43.7)%	461
Consolidated profit	225	(45.2)%	411
Statement of financial position	30/9		31/12
Loans and advances to banks	22,353	0.5%	22,243
Loans and advances to customers	82,550	2.4%	80,635
Deposits from banks	30,771	2.2%	30,105
Deposits from customers	67,824	2.1%	66,437
Equity	9,819	(5.3)%	10,364
Total assets	132,016	1.1%	130,640
Key ratios	1/1-30/9		1/1-30/9
Return on equity before tax	5.8%	(2.8) PP	8.6%
Return on tangible equity	4.3%	(3.6) PP	7.9%
Consolidated return on equity	1.7%	(2.9) PP	4.6%
Cost/income ratio	55.5%	(1.5) PP	56.9%
Return on assets before tax	0.52%	(0.18) PP	0.70%
Net interest margin (average interest-bearing assets)	3.29%	0.21 PP	3.08%
Provisioning ratio (average loans and advances to customers)	1.79%	0.50 PP	1.29%
Bank-specific information	30/9		31/12
NPL ratio	11.1%	0.4 PP	10.7%
Risk-weighted assets (total)	79,402	(0.6)%	79,897
Total capital requirement	6,352	(0.6)%	6,392
Total capital	12,333	(2.8)%	12,686
Common equity tier 1 ratio (transitional)	11.0%	0.3 PP	10.7%
Common equity tier 1 ratio (fully loaded)	10.2%	-	n.a.
Total capital ratio (transitional)	15.5%	(0.3) PP	15.9%
Stock data	1/1-30/9		1/1-30/9
Earnings per share in €	0.42	(68.9)%	1.34
Closing price in € (30/9)	17.22	(25.7)%	23.17
High (closing prices) in €	31.27	(2.8)%	32.16
Low (closing prices) in €	17.22	(9.9)%	19.11
Number of shares in million (30/9)	292.98	49.9%	195.51
Market capitalization in € million (30/9)	5,045	11.4%	4,529
Resources	30/9		31/12
Employees as at reporting date (full-time equivalents)	55,933	(3.4)%	57,901
Business outlets	2,894	(4.3)%	3,025
Customers in million	14.6	0.1%	14.6

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

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

Economic growth in the eurozone falls short of expectations

Economic growth in the eurozone remained behind expectations in the second and third quarter of this year. This was mainly attributable to the ongoing military conflict in Eastern Ukraine and economic sanctions imposed on Russia. This weighed on capital market sentiment in the third quarter, as a result of which both the ATX and the DAX closed in clear minus. In contrast, the Dow Jones remained virtually unchanged quarter-on-quarter due to a positive business cycle in the US.

After lowering its base rate in June, the European Central Bank (ECB) responded to the subdued economic growth by cutting rates again in early September, down from 0.15 per cent to 0.05 per cent. At the same time, the ECB Governing Council decided to impose an even higher penalty rate on bank deposits at the ECB – from minus 0.1 per cent to minus 0.2 per cent.

This interest rate move led to further depreciation of the euro against the US dollar. Following the monetary policy measures set by the ECB, yields on high-grade European government bonds continued their downward trend, which began at the start of the year, and headed towards historic lows at the end of the third quarter.

Performance of RBI stock

RBI stock started the third quarter with a share price of € 23.32. The share price was impacted by the conflict in Eastern Ukraine, losing a total of 26 per cent in value in the third quarter. At the report's editorial deadline it traded at € 16.30.

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



Active capital market communication

RBI again offered interested investors an opportunity to obtain first-hand information at road shows in London, Stegersbach, Vienna, and Warsaw.

To mark the publication of RBI's results for the first half of 2014 on 21 August, the Management Board met with investors in Vienna and also held a conference call with around 250 international analysts and investors taking part. After announcing the revision of its outlook on 22 September, RBI held a conference call – with roughly 300 participants – offering the financial community the chance to receive information, as well as answers to their questions, directly from the Management Board.

On 26 October, it was announced that RZB, RBI's majority shareholder, had clearly passed the ECB's stress test. RBI used this opportunity to host another conference call, for which over 200 participants were counted. This was followed by numerous one-on-one calls with investors, analysts, and rating agencies being conducted by RBI's Management Board. The conference calls are available online at www.rbinternational.com → Investor Relations → Events & Webcasts.

A conference call took place in mid-September specifically for bond investors. At the end of September, RBI invited analysts to its annual talk in London. This event was attended by nearly all equity analysts who regularly report on RBI. An international conference was also held in London in early October: The Management Board presented the company to around 300 participants and fielded questions from investors. Afterwards, the Management Board participated in group meetings with a total of 50 high-profile investors. Shortly thereafter, RBI was represented at an Austrian investor conference in Stegersbach.

A total of 30 equity analysts and 23 debt analysts regularly report their investment recommendations on RBI. This makes RBI the company in Austria that has by far 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. At the end of the third quarter, Raiffeisen Zentralbank Österreich AG (RZB) held roughly 60.7 per cent of RBI's stock, with the remaining shares in free float.

Share price as at 30 September 2014	€ 17.22
High/low in the third quarter of 2014 (closing prices)	€ 24.50 / € 17.22
Earnings per share from 1 January to 30 September 2014	€ 0.42
Book value per share as at 30 September 2014	€ 31.44
Market capitalization as at 30 September 2014	€ 5.0 billion
Average daily trading volume in the third quarter of 2014 (single count)	553,255 shares
Stock exchange turnover in the third quarter of 2014 (single count)	€ 722 million
Free float as at 30 June 2014	approximately 39.3%
ISIN	AT0000606306
Ticker symbols	RBI (Vienna Stock Exchange) RBI AV (Bloomberg) RBIV.VI (Reuters)
Market segment	Prime Market
Number of shares issued as at 30 September 2014	292,979,038

Rating details

Rating agency	Long-term rating	Short-term rating	Outlook
Moody's Investors Service	A3	P-2	negative
Standard & Poor's	A-	A-2	negative
Fitch Ratings	A	F1	negative

Financial Calendar 2015

25 February 2015	Start of Quiet Period
25 March 2015	Annual Report 2014, Conference Call
26 March 2015	RBI Investor Presentation, London
7 May 2015 new date!	Start of Quiet Period
21 May 2015 new date!	First Quarter Report, Conference Call
17 June 2015	Annual General Meeting
24 June 2015	Ex-Dividend and Dividend Payment Date
5 August 2015	Start of Quiet Period
19 August 2015	Semi-Annual Report, Conference Call
29 October 2015	Start of Quiet Period
12 November 2015	Third Quarter Report, Conference Call

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Group management report

Market development

Following 1.2 per cent in 2013, economic growth of 0.4 per cent is expected in Central and Eastern Europe (CEE) in 2014. However, the individual regions will develop very differently. Quarterly GDP data released for 2014 and leading indicators suggest that solid growth should occur in Central Europe (CE), whereas the outlook for Southeastern Europe (SEE) is mixed; however, economic growth in both regions is expected to markedly exceed the eurozone average. The economy in Russia and Belarus will be characterized by stagnation or mild recession in 2014, while Ukraine is likely to experience a far-reaching economic slump. Restrictions on the trade of goods with Russia (notably exports) will not have a material impact on economic growth either in the eurozone, CE, or SEE, owing to the marginal level of direct interrelatedness. Nevertheless, a deterioration of the business climate is already noticeable in CEE and the eurozone, due also to other geopolitical risks.

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 thus highly dependent on exports to the eurozone, in particular to Germany. Following 0.9 per cent in 2013, economic growth in CE is expected to increase significantly to 2.9 per cent in 2014. Poland is expected to show the strongest GDP growth, while significant year-on-year increases are also expected for 2014 in the Czech Republic, Hungary, and Slovenia. Despite the slowdown in the eurozone, CE generally continues to benefit from solid economic growth in Germany, as well as from expansionary monetary and currency policies in a number of CE countries. GDP growth rates for 2015 will probably be on a par with 2014 levels.

In Southeastern Europe (SEE) – Albania, Bosnia and Herzegovina, Bulgaria, Croatia, Kosovo, Romania, and Serbia – economic output is expected to grow 1.2 per cent in 2014, following 2.2 per cent in 2013. GDP growth in Romania – which benefits from successfully implemented structural reforms but continues to suffer from weak domestic demand – and Albania is expected to reach roughly 2 per cent in 2014. In most of the other SEE countries, GDP growth in 2014 will probably range from 0.0 to 1.7 per cent, whereas Croatia and Serbia will remain mired in stagnation. The moderate economic growth in SEE is attributable to still pending structural adjustments, only a slow reduction in high private sector debt, and damage caused by flood disasters (Bosnia and Serbia). The weaker-than-expected recovery in the eurozone – particularly in Italy and France, countries of greater SEE importance – is also dampening growth in SEE. Positive growth rates are expected in all SEE countries for 2015 and could reach, or exceed, 3 per cent in Albania, Bosnia and Herzegovina, Bulgaria, and Kosovo.

The already evident marked slowdown of the Russian economy in 2013 will deepen further in 2014 due to geopolitical tensions. The Russian economy is expected to shrink 0.3 per cent in the current year. In Russia, as well as in CEE Other (Ukraine and Belarus), sanctions coupled with the tense geopolitical situation will further intensify existing weaknesses (very low investment spending, unfavorable investment climate, high capital outflows). Moreover, notable currency devaluations are weighing not only on the Russian and Ukrainian economy but also on consumer confidence. In light of an unavoidable adjustment recession for 2014, Ukraine's GDP is expected to decline by roughly 7 per cent, and the country's economic output could also shrink further in 2015. In contrast, Belarus might achieve GDP growth of 0.5 per cent in 2014. Positive 2015 growth rates are expected in Russia and Belarus, in contrast to Ukraine.

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

Region/country	2013	2014e	2015f	2016f
Czech Republic	(0.7)	2.6	2.4	3.0
Hungary	1.1	3.0	2.5	2.3
Poland	1.6	3.1	3.2	3.4
Slovakia	0.9	2.7	3.0	3.5
Slovenia	(1.1)	1.5	1.0	1.8
CE	0.9	2.9	2.8	3.1
Albania	0.4	2.0	3.0	4.5
Bosnia and Herzegovina	2.1	0.0	3.5	3.5
Bulgaria	0.9	1.7	3.0	3.2
Croatia	(0.9)	(0.8)	0.0	1.0
Kosovo	3.1	3.0	3.5	3.5
Romania	3.5	2.0	2.7	3.0
Serbia	2.5	(0.5)	1.0	2.5
SEE	2.2	1.2	2.2	2.8
Russia	1.3	(0.3)	0.5	1.0
Belarus	0.9	0.5	1.5	2.0
Ukraine	0.0	(7.0)	(2.0)	3.0
CEE Other	0.3	(4.9)	(1.0)	2.7
Austria	0.3	0.7	0.7	1.8
Germany	0.2	1.5	2.0	2.5
Eurozone	(0.4)	0.8	1.6	1.9

Earnings and financial performance

In addition to the capital increase carried out at the beginning of the year, the reporting period was dominated by geopolitical tensions in Ukraine and new strains on the banking sector in Hungary. RBI achieved a profit before tax of € 502 million during the reporting period, which corresponds to a decrease of 28 per cent, or € 194 million, year-on-year. In Hungary, changed legislation resulted in a one-off effect with a negative impact of € 272 million on RBI's results. At the same time, € 327 million in net provisioning for impairment losses was required in Ukraine, which corresponds to an increase of € 232 million over the previous year's level. In contrast, positive effects resulted from the valuation of derivatives and liabilities (up € 303 million) compared to the previous year.

Operating income declined 3 per cent, or € 130 million, to € 4,137 million year-on-year. The net interest margin (calculated on interest-bearing assets) improved 21 basis points to 3.29 per cent as a result of lower refinancing costs at Group head office and higher interest income from derivatives in Russia as well as at Group head office. Net interest income increased 4 per cent, or € 117 million, to € 2,894 million. Net fee and commission income fell € 34 million to € 1,168 million primarily due to currency effects. In contrast, net trading income declined € 202 million to € 38 million driven by valuation losses on derivatives and exchange rate related valuation losses on foreign currency positions in Ukraine and Russia.

General administrative expenses were down 6 per cent, or € 135 million, to € 2,295 million year-on-year. Positive effects resulted from ongoing cost reduction programs, predominantly in the Czech Republic, Poland, and Romania, while in Ukraine and Russia declines were recorded – primarily caused by currency devaluations. The average number of employees was further reduced, down 2,217 to 57,079 year-on-year. The number of business outlets was down 157 to 2,894 year-on-year.

Net provisioning for impairment losses rose 35 per cent, or € 283 million, to € 1,083 million year-on-year. This was mainly attributable to the devaluation of the hryvnia and the difficult overall macroeconomic environment in Ukraine, where net provisioning increased € 232 million to € 327 million.

Net income from derivatives and liabilities improved from minus € 243 million to plus € 60 million. This was essentially attributable to a change of € 258 million to the credit spread for own liabilities.

Profit after tax decreased 44 per cent to € 259 million year-on-year. Profit attributable to non-controlling interests decreased € 16 million to minus € 34 million. This resulted in consolidated profit of € 225 million. Due to the capital increase carried out at the beginning of 2014, the average number of shares outstanding in the reporting period rose to 282.7 million (comparable period in the previous year: 194.9 million). This resulted in earnings per share of € 0.42, which stood at € 1.34 in the comparable period of the previous year.

Following the capital increase, which resulted in a net capital growth of € 2,726 million, the Austrian regulatory authorities granted approval for a redemption of participation capital. On this basis, RBI repaid the full € 2,500 million in participation capital.

Comparison of results year-on-year

in € million	1/1-30/9/2014	1/1-30/9/2013	Change absolute	Change in %
Net interest income	2,894	2,776	117	4.2%
Net fee and commission income	1,168	1,203	(34)	(2.8)%
Net trading income	38	240	(202)	(84.0)%
Sundry net operating income	36	48	(12)	(24.1)%
Operating income	4,137	4,267	(130)	(3.0)%
Staff expenses	(1,149)	(1,227)	78	(6.3)%
Other administrative expenses	(874)	(920)	46	(5.0)%
Depreciation	(273)	(283)	11	(3.8)%
General administrative expenses	(2,295)	(2,430)	135	(5.5)%
Operating result	1,842	1,837	5	0.2%
Net provisioning for impairment losses	(1,083)	(800)	(283)	35.4%
Other results	(257)	(342)	85	(24.8)%
Profit before tax	502	696	(194)	(27.9)%
Income taxes	(243)	(236)	(7)	3.1%
Profit after tax	259	461	(201)	(43.7)%
Profit attributable to non-controlling interests	(34)	(50)	16	(31.6)%
Consolidated profit	225	411	(186)	(45.2)%

Net interest income

In the first nine months of 2014, net interest income rose 4 per cent, or € 117 million, to € 2,894 million year-on-year. This was mainly due to positive developments in Russia and at Group head office. Aside from being attributable to higher interest income from derivatives, the rise in Russia was mainly due to successful positioning in retail and corporate customer business. At Group head office, lower refinancing costs as well as higher interest income from derivatives led to an increase in net interest income.

The net interest margin rose 21 basis points to 3.29 per cent year-on-year. This was due to the positive trend in Russia and Group head office, repricing measures in deposit business in Slovakia, as well as to good development in credit business in Belarus. In Hungary, however, interest income reduced as a result of lower interest income from derivatives, reduced lending volumes and a lower market interest rate level. In Romania, lower market interest rates, together with reduced interest income from securities also resulted in lower net interest income. The negative trend in net interest income in Ukraine was purely currency related, as the net interest income in local currency increased 25 per cent.

Net fee and commission income

Net fee and commission income fell 3 per cent, or € 34 million, to € 1,168 million year-on-year and was predominantly the result of currency related effects. Net income from loan and guarantee business fell 12 per cent, or € 22 million, to € 160 million, primarily due to currency effects in Russia. As a result of lower fees, net income from the securities business fell 15 per cent, or € 16 million, to € 93 million, predominantly at Group head office. In contrast, net income from foreign currency, notes/coins, and precious metals business - mostly related to volumes and margins in Ukraine and Russia - grew 6 per cent, or € 15 million, to € 278 million. Net income from other banking services, on the other hand, decreased 25 per cent, or € 13 million, to € 39 million. Lower net fee and commission income from structured financing resulted in a decline in the Czech Republic.

Net trading income

Net trading income fell € 202 million to € 38 million year-on-year, largely driven by a decline of € 266 million to minus € 68 million in currency-based transactions. This decrease was mainly attributable to valuation losses on derivatives and exchange rate related valuation losses on foreign currency positions in Russia and Ukraine. In contrast, in Hungary - as well as at Group head office - valuation gains from derivatives were posted. Net income from interest-based transactions was up € 92 million to € 107 million. This improvement was primarily due to valuation gains from securities positions and derivatives at Group head office, while Russia posted valuation losses. Equity and index-based transactions increased € 18 million to € 41 million, thereby more than

doubling on account of income from structured products, whereas net income from other transactions declined € 47 million to minus € 42 million.

Sundry net operating income

Sundry net operating income fell € 12 million to € 36 million year-on-year. This was caused by additional expenses of € 22 million for other provisions. While positive in the previous year's period due to the release of a provision for VAT liabilities in Poland, in the reporting period, allocations to provisions were made in Hungary, Russia, and Slovenia. In addition, other tax expense increased due to a higher financial transaction tax in Hungary and a new tax on foreign exchange purchases in Ukraine. Net income from non-banking activities fell € 6 million due to a real-estate write-down in Ukraine and the disposal (sale) of F.J. Elsner Trading GmbH, Vienna. This contrasted with improvements in net proceeds from disposal of tangible fixed assets in Ukraine and higher net income from investment property in Hungary. Net income from other operating income also rose due in part to the sale of a building in Russia.

General administrative expenses

Compared to the same period last year, general administrative expenses declined € 135 million to € 2,295 million. The cost/income ratio improved 1.5 percentage points to 55.5 per cent.

At 50 per cent, the largest component in general administrative expenses was staff expenses - a decline of 6 per cent, or € 78 million, to € 1,149 million. In Ukraine and the Czech Republic, cost reduction programs and currency effects led to a sharp decline in staff expenses. Ongoing cost reduction programs in Hungary and Poland also led to a decrease, while significant currency devaluation in Russia reduced expenses.

The average number of staff (full-time equivalents) fell 2,217 to 57,079 year-on-year. The biggest declines occurred in Ukraine (down 1,008), Hungary (down 340), Poland (down 274), the Czech Republic (down 242), and Bulgaria (down 239).

Other administrative expenses decreased 5 per cent, or € 46 million, to € 874 million. This reduction was primarily due to currency effects in Ukraine (down € 17 million) and in Russia (down € 6 million). The largest decline was recorded by Poland (down € 20 million), mainly with regard to legal, advisory, and consulting expenses and IT expenses. In Romania (down € 6 million) the reduction mainly related to office space expenses, while in the Czech Republic (down € 5 million) it was primarily related to legal, advisory, and consulting expenses. In Slovakia, however, higher deposit insurance fees and higher legal, advisory, and consulting expenses resulted in a € 5 million increase.

Depreciation of tangible and intangible fixed assets fell 4 per cent, or € 11 million, to € 273 million year-on-year. This was primarily attributable to reduced depreciation on software at Group head office and to a large impairment in the Czech Republic in the previous year's period. Ukraine reported a € 17 million rise due to a € 31 million impairment of the brand and customer base, whereas a change in useful life led to lower depreciation of tangible fixed assets.

Net provisioning for impairment losses

Compared to the same period last year, net provisioning for impairment losses rose by a total of 35 per cent, or € 283 million, to € 1,083 million. This was primarily due to a € 272 million increase in net provisioning for individual loan loss provisions - of which Ukraine accounted for € 227 million. Net provisioning for portfolio-based loan loss provisions increased € 4 million to € 32 million. This contrasted with lower income (down € 7 million) from the sale of impaired loans.

In Ukraine, net provisioning for impairment losses - especially as a result of higher individual loan loss provisions - increased € 232 million year-on-year. This was predominantly due to the tensions in Eastern Ukraine, currency devaluation of the hryvnia, as well as the resulting need for provisioning for collateralized US dollar loans. A growing retail and corporate customer portfolio combined with individual cases in the corporate customer business also increased net provisioning for impairment losses in Russia (up € 97 million). Net provisioning for impairment losses in the Group Corporates segment rose € 73 million to € 281 million and was largely due to individual loans to large corporate customers in Asia. Hungary posted a decline of € 56 million to € 41 million year-on-year and was attributable to both corporate and retail customer business.

The portfolio of non-performing loans (NPL) to customers rose € 546 million to € 9,204 million since the start of the year; on a currency-adjusted basis non-performing loans gained € 669 million. Most of this growth occurred in the Group Corporates segment (up € 408 million), in Russia (up € 168 million), and in Ukraine (up € 132 million); whereas a decline was posted in Hungary (down € 120 million). In contrast, currency effects - notably as a result of the devaluation of the Ukrainian hryvnia and the Russian rouble - resulted in a decline of € 123 million. In the reporting period, the NPL ratio rose 0.4 percentage points to 11.1 per cent compared to year-end 2013. Non-performing loans were set against loan loss provisions of € 6,018 million, improving the NPL coverage ratio to 65.4 per cent compared to 63.1 per cent as at year-end.

The provisioning ratio, based on the average volume of loans and advances to customers, increased 0.40 percentage points to 1.79 per cent compared to the year-end.

Other results

Other results – consisting of net income from derivatives and liabilities, net income from financial investments, goodwill impairments, bank levies, net income from the disposal of Group assets and one-off effects reported in other operating expenses – rose from minus € 342 million to minus € 257 million year-on-year.

Net income from derivatives and liabilities improved from minus € 243 million to plus € 60 million in the reporting period. This was due to net income from liabilities designated at fair value, where changed credit spreads for own liabilities – by € 258 million to plus € 119 million – had a positive effect. Net income from the valuation of derivatives entered into for hedging purposes improved € 45 million.

Net income from financial investments increased € 28 million to € 101 million year-on-year. On the one hand, the valuation result of as well as net proceeds from the sale of securities from the fair value portfolio – especially in Ukraine – were up € 45 million and € 15 million respectively compared to the same period of the previous year. On the other hand, the gain from the sale of shares in equity participations – achieved in the comparable period of the previous year – resulted in a decline of € 46 million. In contrast, an € 11 million reduction in impairments on equity participations had a positive effect.

The expense for bank levies fell € 26 million to € 137 million in the reporting period. Declines were recorded in Hungary (down € 15 million) due to a one-off special tax in the previous year and in Austria (down € 11 million) due to a change in the tax assessment base. Net income from disposal of Group assets amounted to minus € 10 million in the reporting period. In total, 18 subsidiaries were excluded from the consolidation group, 12 of which were excluded because they fell below the materiality threshold. The sale of the commodity trading group F.J. Elsner, of Vienna, resulted in a deconsolidation loss of € 11 million.

As a result of changed legislation in Hungary, sundry operating expenses in the reporting year included a one-off effect in the form of a provision of € 272 million. This effect was the result of legislation passed by the Hungarian parliament. The law related to FX margins which can be applied to foreign currency loan disbursements and installments, as well as unilateral rate changes on consumer loans.

Income taxes

Income tax expense increased € 7 million to € 243 million year-on-year, while the tax rate rose 15 percentage points to 48 per cent. This was due to the losses in Hungary and Ukraine, which were not matched by the allocation of deferred tax assets.

Comparison of results with the previous quarter

in € million	Q3/2014	Q2/2014	Change absolute	Change in %
Net interest income	940	975	(35)	(3.6)%
Net fee and commission income	404	389	15	3.8%
Net trading income	30	28	1	4.8%
Sundry net operating income	17	9	8	88.5%
Operating income	1,391	1,402	(11)	(0.8)%
Staff expenses	(373)	(386)	13	(3.4)%
Other administrative expenses	(292)	(296)	4	(1.2)%
Depreciation	(112)	(83)	(29)	35.3%
General administrative expenses	(776)	(764)	(12)	1.6%
Operating result	614	637	(23)	(3.7)%
Net provisioning for impairment losses	(515)	(287)	(228)	79.7%
Other results	(115)	(73)	(41)	56.3%
Profit before tax	(16)	278	(293)	-
Income taxes	(96)	(79)	(17)	21.1%
Profit after tax	(112)	198	(310)	-
Profit attributable to non-controlling interests	(7)	(15)	8	(51.4)%
Consolidated profit/loss	(119)	183	(302)	-

Net interest income

Compared to the second quarter, net interest income fell 4 per cent, or € 35 million, to € 940 million in the third quarter. The net interest margin (calculated on interest-bearing assets) declined 10 basis points to 3.23 per cent quarter-on-quarter. This was due to lower interest income from derivatives and lower current income from shares in non-consolidated affiliated companies.

Net fee and commission income

Net fee and commission income rose € 15 million to € 404 million compared to the second quarter. In which the largest increase, at € 6 million, was recorded in net income from foreign currency, notes/coins, and precious metals business due to higher volumes in Poland and Belarus as well as seasonal effects in Romania. A similar € 6 million increase was reported in both the net income from loan and guarantee business and net income from other banking services. In contrast, net income from securities business fell € 2 million, while net income from the sale of own and third-party products fell € 1 million.

Net trading income

Compared to the previous quarter, net trading income improved from € 28 million to € 30 million. This was triggered by an increase in net income from interest-based transactions in Poland, the Czech Republic, and Romania. In Russia, valuation losses were posted. In contrast, currency-based transactions declined, mainly in Russia and Ukraine, where the significant currency devaluation led to valuation losses on derivatives and foreign currency positions.

Sundry net operating income

In the third quarter, sundry net operating income rose € 8 million to € 17 million compared to the previous quarter. This was mainly attributable to net income from non-banking activities which resulted from a real-estate write-down in Ukraine in the second quarter.

General administrative expenses

At € 776 million in the third quarter, general administrative expenses were up 2 per cent, or € 12 million, from the previous quarter's € 764 million level. Staff expenses declined 3 per cent, or € 13 million, to € 373 million. Other administrative expenses also declined by a slight 1 per cent, or € 4 million, to € 292 million quarter-on-quarter. Depreciation of tangible and intangible fixed

assets rose 35 per cent, or € 29 million, to € 112 million quarter-on-quarter. This was due to a € 31 million impairment of the brand and the customer base in Ukraine.

Net provisioning for impairment losses

Net provisioning for impairment losses rose 80 per cent, or € 228 million, to € 515 million quarter-on-quarter. This was mainly attributable to the Group Corporates segment and Ukraine. Overall, net provisioning for individual loan loss provisions rose € 214 million and portfolio-based loan loss provisions increased € 15 million.

Other results

Other results declined 56 per cent, or € 41 million, to minus € 115 million quarter-on-quarter. As a result of the aforementioned changed legislation in Hungary, a one-off effect of minus € 205 million was posted in the third quarter.

Bank levies increased 16 per cent, or € 5 million, to € 37 million in the third quarter, especially in Hungary.

Net income from derivatives and liabilities improved € 118 million to € 103 million compared to the previous quarter. This was mainly attributable to net income from the change in the credit spread of own issues, which rose from minus € 10 million in the second quarter to plus € 95 million in the third quarter on account of higher premiums for subordinated bonds.

Net income from financial investments decreased 45 per cent, or € 19 million, to € 23 million quarter-on-quarter, due to a € 49 million reduction in valuation gains on securities from the fair value portfolio – especially in Ukraine, Russia, and Romania. This contrasted with higher net proceeds from sales of securities of the fair value portfolio – mainly in Ukraine (up € 23 million) – and a € 5 million increase in net income from equity participations due to lower net provisioning for impairment losses and a slight rise in net proceeds from sales.

Income taxes

Income tax expense rose € 17 million to € 96 million quarter-on-quarter. This was due to the third-quarter losses in Hungary and Ukraine, which were not matched by the allocation of deferred tax assets.

Statement of financial position

RBI's total assets increased 1 per cent, or € 1,376 million, to € 132,016 million since the beginning of the year. Currency effects amounted to minus € 1,388 million and was predominantly the result of the depreciation of the Ukrainian hryvnia (down 33 per cent) and Russian rouble (down 9 per cent), which was countered by the appreciation of the US dollar (up 10 per cent). As a result, the Group achieved organic growth of roughly 2 per cent or € 2,764 million.

Assets

in € million	30/9/2014	Share	31/12/2013	Share
Loans and advances to banks (less impairment losses)	22,239	16.8%	22,125	16.9%
Loans and advances to customers (less impairment losses)	76,532	58.0%	75,147	57.5%
Financial investments	18,163	13.8%	17,850	13.7%
Other assets	15,082	11.4%	15,518	11.9%
Total assets	132,016	100.0%	130,640	100.0%

For this year to date, loans and advances to banks before deduction of loan loss provisions increased € 110 million to € 22,353 million. This was mainly due to a € 650 million increase in receivables from money market business – predominantly in Hungary and Bulgaria – as well as to increases in purchased loans and debt securities. In contrast, there were declines in receivables from the giro and clearing business as well as long-term receivables. At the same time, receivables from securities lending transactions – mainly at Group head office – decreased € 2,114 million; whereas receivables from repurchase agreements increased € 1,002 million, particularly at Group head office and in Russia.

Loans and advances to customers before deduction of loan loss provisions increased € 1,916 million, or 2 per cent, to € 82,550 million despite opposing currency effects. Loans to large corporate customers increased € 2,062 million – primarily in Russia and Group Corporates – whereas they significantly decreased in Ukraine due to currency effects. Loans and advances to private individuals remained relatively stable, with currency-adjusted increases in particular in Russia, Ukraine, the Czech Republic, and Slovakia.

Other assets were down € 436 million to € 15,082 million. The cash reserve and intangible asset items contained therein decreased € 1,580 million and € 105 million respectively, whereas positive fair values of derivatives rose € 1,307 million.

Equity and liabilities

in € million	30/9/2014	Share	31/12/2013	Share
Deposits from banks	30,771	23.3%	30,105	23.0%
Deposits from customers	67,824	51.4%	66,437	50.9%
Equity and subordinated capital	13,785	10.4%	14,491	11.1%
Other liabilities	19,636	14.9%	19,607	15.0%
Total equity and liabilities	132,016	100.0%	130,640	100.0%

RBI's refinancing volume via banks (primarily commercial banks) increased € 666 million to € 30,771 million since the beginning of the year. The giro and clearing business increased € 2,714 million – mainly at Group head office – while long-term funding increased € 267 million. Increases – notably in Poland and at Group head office – were partially offset by a sharp reduction in Russia. A more significant reduction in money market business (down € 2,315 million) was recorded at Group head office and in Russia.

Deposits from customers rose € 1,387 million, to € 67,824 million. Nearly all customer groups reported increases: Deposits from the public sector – above all in Slovakia, Russia, and Poland – rose € 800 million, and those from corporate and retail customer were up € 1,188 million and € 101 million respectively. The largest increases were posted at Group head office. In contrast, deposits from sale and repurchase agreements fell € 703 million.

Other liabilities remained stable at € 19,636 million, with debt securities issued decreasing € 1,435 million – mainly due to the lower refinancing requirement – while negative fair values of derivatives increased € 1,092 million.

Funding is as follows:

in € million	30/9/2014	Share	31/12/2013	Share
Customer deposits	67,824	60.2%	66,437	59.2%
Medium- and long-term refinancing	18,045	16.0%	19,495	17.4%
Short-term refinancing	22,824	20.3%	22,142	19.7%
Subordinated liabilities	3,966	3.5%	4,128	3.7%
Total	112,658	100.0%	112,202	100.0%

Equity on the statement of financial position

RBI's equity on the statement of financial position – consisting of consolidated equity, consolidated profit and non-controlling interests – decreased 5 per cent, or € 544 million, to € 9,819 million versus year-end 2013. The capital increase carried out at the beginning of 2014, in which 97,473,914 new shares were issued, resulted in a net capital gain of € 2,726 million, whereas the repayment of state participation capital in June and of private participation capital in September resulted in a € 2,500 million reduction in equity. Dividend payments led to a € 541 million reduction in capital.

Total comprehensive income of minus € 263 million comprises profit after tax of € 259 million and other comprehensive income of minus € 522 million. The largest item in total comprehensive income was currency differences, which increased € 234 million to minus € 571 million year-on-year, mainly driven by the depreciation of the Ukrainian hryvna (down 33 per cent) and Russian rouble (down 9 per cent). In contrast, a positive impact of € 35 million was reported in Belarus from the application of hyperinflation accounting and valuation changes in assets available-for-sale had a positive impact of € 19 million.

In June, the Austrian regulatory authorities granted approval for a redemption of participation capital. On this basis, RBI repaid the full € 1,750 million of the participation capital subscribed by the Republic of Austria on 6 June 2014. Participation capital subscribed by private investors was repaid on 10 September 2014.

Total capital pursuant to the CRR/BWG

The following consolidated values have been calculated in accordance with the provisions of the Capital Requirements Regulation (CRR), as well as those of the BWG. The previous year's figures are based on the rules applicable under Basel II at the time.

As at 30 September 2014, RBI's total capital according to Basel III amounted to € 12,333 million. This corresponds to a decrease of € 353 million compared to the year-end 2013 figure calculated under Basel II and was primarily driven by the negative performance of the Ukrainian hryvnia and Russian rouble. While the capital increase at the beginning of 2014 resulted in a net capital gain, the repayment of state participation capital in June 2014 in the amount of € 1,750 million, as well as the repayment of private participation capital in September 2014 in the amount of € 750 million, had a negative effect on regulatory capital.

Tier 2 capital (after deductions) increased € 239 million to € 3,613 million and was largely due to the first-time allowance of portfolio-based loan loss provisions.

Total capital stood in contrast to a total capital requirement of € 6,352 million. The increase in the total capital requirement, as a result of the new Basel III regulations, was largely neutralized by currency devaluations. The total capital requirement for credit risk amounted to € 5,242 million, while the total capital requirement for position risk in bonds, equities, commodities, and foreign currencies came to € 348 million, and the total capital requirement for operational risk stood at € 762 million.

The excess cover ratio was 94.2 per cent at the end of the third quarter – compared to 98.5 per cent at year-end 2013 – and was attributable to negative currency development. Based on total risk, the common equity tier 1 ratio (transitional) was 11.0 per cent, with a total capital ratio of 15.5 per cent.

Without taking the transitional provisions defined by the CRR into account, the common equity tier 1 ratio (fully loaded) was 10.2 per cent.

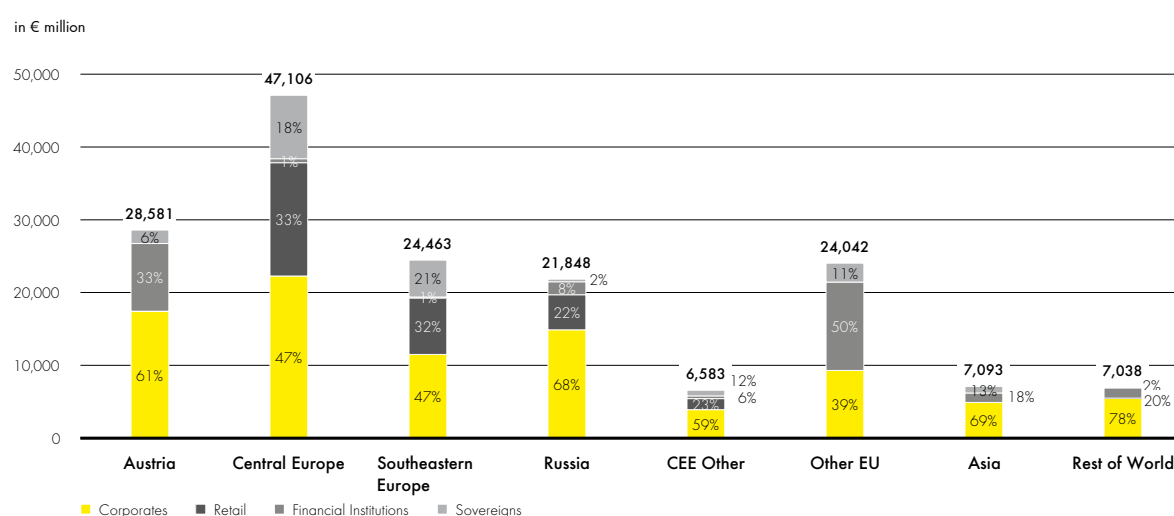
Risk management

Taking and transforming risks are an integral component of the banking business. This makes active risk management as much of a core competence of overall bank governance as capital planning and management of the bank's profitability. In order to effectively identify, classify and manage risks, the Group utilizes comprehensive risk management and controlling.

This function spans the entire organizational structure, including all levels of management, and is also implemented in each of the subsidiaries by local risk management units. Risk management is structured to ensure the careful handling and professional management of credit risk, country risk, market risk, liquidity risk, investment risk, and operational risk in order to ensure an appropriate risk-reward ratio. More detailed information on the structure of the risk organization and key figures can be found in the risk report.

Loan portfolio strategy

The graph below shows the Group's outstanding exposure by asset class and region as at the end of the reporting period.



The structure of the Group's portfolio remained highly stable over the first three quarters and thus reflects the business model of the Group. On the reporting date, total credit exposure used for managing the portfolio was € 166,755 million, which corresponds to an increase of € 3,734 million over the first half-year. This amount includes exposures on and off the statement of financial position prior to the application of credit conversion factors and thus represents the total credit exposure.

Corporate customers are a central element of the Group's portfolio in all regions. As at 30 September, outstanding exposure to corporate customers amounted to € 80,698 million, up € 2,180 million from year-end 2013. This was mainly attributable to an increase in the credit portfolio in a number of network banks, as well as to the performance of the US dollar. In contrast, the volume in Ukraine decreased considerably due to currency effects. In particular, lending volumes in the strategic core markets increased, while they decreased slightly in other markets. Credit quality improved across all segments and was attributable, amongst other things, to a reduction of borrowers in weaker rating categories. Furthermore, new loans were granted primarily to customers with very good ratings due to stricter lending policies, which improved credit quality in new business.

Retail business - undertaken exclusively in Central and Eastern European markets - increased € 278 million to € 29,680 million compared to year-end 2013. This increase mainly resulted from increases in credit exposure in Slovakia, Croatia, and Romania, whereas currency developments in Ukraine had a dampening effect. Despite the currency devaluation, Russia also showed an increase of € 98 million.

The financial institutions sector mainly consists of loans and advances to, and securities from, Western European banks, as well as loans and advances to the Raiffeisen Banking Group in Austria (as part of liquidity management within the sector). At the end of the reporting period, this portfolio amounted to € 27,023 million - a reduction of € 347 million compared to year-end 2013.

In line with the Group's strategic orientation, credit exposure to sovereigns is kept at a low level. It serves primarily to meet the minimum reserve and liquidity management requirements. In the first three quarters, the segment's credit portfolio increased € 1,087 million to € 20,372 million compared to year-end 2013.

Comprehensive Assessment

In October 2013, the Single Supervisory Mechanism (SSM), which provides for the supervision of banks and credit institutions in selected European member states, including Austria, came into effect. The SSM empowers the ECB, as of November 2014, to directly supervise banks in the euro area and in further member states that decide to join this banking union.

As part of the preparations for this new regulation, the ECB subjected all banks that in future are to be directly supervised to a Comprehensive Assessment, which mainly consisted of an extensive Asset Quality Review (AQR) and Europe-wide stress test. As RBI is part of the RZB credit institution group, it was one of the focus points for the regulatory reviews within this process. This meant that during the reporting year, RBI was heavily integrated into the corresponding exercises. A significant portion of Group-wide risk organization was involved in the respective tests and processes.

The results of this assessment were published on 26 October 2014. RZB clearly passed both the AQR and the stress test.

Ukraine and Russia

In the first nine months of the current year, the dominant themes in the international financial markets continued to be the geopolitical tension in Ukraine, the escalation of sanctions against Russia, and accompanying uncertainty. Accordingly, the Russian rouble and Ukrainian hryvnia devalued significantly against the US dollar and euro.

This situation is also associated with negative effects for RBI. The rapid depreciation of local currencies, and related increase in credit risk from foreign currency loans, present the main potential impact on RBI's provisioning and capital position. In particular, substantial adjustments to loan loss provisions have already been made in the Eastern Ukrainian portfolio.

RBI launched a series of countermeasures in the first three quarters in response to these developments, including, further restrictions on the granting of foreign currency loans, more selective lending to corporate customers in various industries, and an even more comprehensive monitoring of customers' payment behavior. A key priority continues to be the preservation of a stable local liquidity position.

Hungary

The market environment in Hungary continues to be difficult and is currently under closer observation. Following the "Home Protection Law" in 2011, under which the Hungarian state granted private debtors early repayment of foreign currency loans under preferential conditions – and which resulted in losses for RBI – several new government programs were prepared in favor of foreign exchange loan debtors, some of which were adopted by parliament in September. These will have a significant negative impact on RBI's results.

Additionally, the Hungarian parliament has recently passed a new law relating to FX margins, which can be applied to foreign currency loan disbursements and installments, as well as unilateral rate changes on consumer loans. The new legislation applies to all banks operating in Hungary and requires retroactive adjustments to commissions and interest rates.

Changes in the regulatory environment

In the current reporting year, the Group continued to focus intensively on both existing and forthcoming regulatory requirements. One of the major themes, for which preparations were made in the past, is the amended legal regulations that came into effect with the EU directives on Basel III (CRD IV/CRR) at the beginning of the financial year. Under the new Basel III regulations, risk management continues to focus on the ongoing implementation of advanced calculation approaches in 2014. These activities comprise the implementation of the internal ratings-based (IRB) approach in retail and non-retail business of CEE subsidiaries, as well as further development of the internal market risk model and the Group-wide further development of the standard approach for operational risk.

Simultaneously with Basel III, the new Austrian Bank Intervention and Restructuring Act came into effect at the beginning of 2014. This regulation required RBI, as material subsidiary of RZB Group, to submit a plan for in the event of restructuring to the Austrian Financial Market Authority. Plans for a potential resolution are currently being developed and are due at the end of this year.

Outlook

We expect loans and advances to customers in 2014 to remain at the approximate level of the previous year.

We anticipate a net provisioning requirement of approximately € 1,800 million, however, results may be impacted by a further deterioration of the situation in Ukraine and Russia.

In the course of our cost reduction program, we plan to reduce general administrative expenses to below the level of 2012 by 2016. We aim to achieve a cost/income ratio of between 50 and 55 per cent by 2016. Costs in 2014 are expected to be below the level of 2013.

As a consequence of the latest developments, a negative result for 2014 is to be expected. For 2015 we expect a consolidated profit in the mid triple digit millions.

We aim for a return on equity before tax of approximately 14 per cent and a consolidated return on equity of approximately 11 per cent in the medium term.

Events after the reporting date

RZB clearly passes ECB stress test

RZB, RBI's majority shareholder, has clearly passed the European Central Bank's (ECB) stress test, whose results were announced on 26 October 2014. RBI was subject to the ECB's stress test as part of RZB. Therefore, data published for the stress test relates to the RZB Group. RZB significantly surpasses the required capital ratios in both the baseline and adverse scenarios of the stress test. In the baseline scenario, RZB reaches a common equity tier 1 ratio (CET1 ratio), including AQR adjustments, of 9.48 per cent (requirement: 8.0 per cent). In the adverse scenario, the CET1 ratio of RZB, including AQR adjustments, is 7.77 per cent (requirement: 5.5 per cent).

The ECB's Asset Quality Review, which preceded the stress test, brought about adjustments to the common equity tier 1 ratio, used by the ECB in its stress test for RZB, in the amount of 0.65 percentage points. These adaptations are mainly due to the fact that the ECB employs a different approach to RZB for portfolio-based loan loss provisions. Moreover, the AQR does not account for provisions which were established in the current financial year.

In the course of the release, the ECB also published hypothetical ratios under full application of the Basel III regulations (fully loaded) based on the balance sheet figures as at 31.12.2013. These regulations will first come fully into force in 2023. There were two factors not taken into consideration in all of the ECB's results: On the one hand, RBI's capital increase carried out in January 2014, and on the other, the sub-consolidation of the RBI Group as recognized for regulatory purposes. Assuming the ECB's base CET1 ratio minimum requirement of 8.0 per cent, as specified for the stress test, the abovementioned factors would thereby increase RZB's fully loaded 2016 CET1 ratio in the baseline scenario by 3.40 percentage points to 8.97 per cent, and in the adverse scenario by 4.03 percentage points to 7.90 per cent.

Segment reports

Division of segments

As a rule, RBI's internal management reporting is based on the current organizational structure. This is structured as a matrix, meaning 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. The presentation of the countries not only includes the subsidiary banks, but all of RBI's operating units (e.g., leasing companies) in the relevant countries. 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 mainly contains amounts resulting from intra-Group results elimination and consolidation between the segments.

The following segments result thereof:

- Central Europe (Czech Republic, Hungary, Poland, Slovakia, and Slovenia)
- Southeastern Europe (Albania, Bosnia and Herzegovina, Bulgaria, Croatia, Kosovo, Romania, and Serbia)
- Russia
- CEE Other (Belarus, Kazakhstan, and Ukraine)
- Group Corporates
- Group Markets
- Corporate Center

Following signals from the Ukrainian government that they intend to leave CIS, the "CIS Other" segment was renamed "CEE Other". In order to provide a better overview of the operating result, the figures for other net operating income, and therefore operating income, are listed excluding charges for impairments of goodwill and bank levies as well as the one-off effect in Hungary; these will be reported as sundry net operating income.

Segment overview

In Central Europe, profit before tax decreased € 175 million to minus € 47 million year-on-year. This was primarily due to higher losses in Hungary caused by a one-off effect. In contrast, improvements in net income were recorded in Poland and Slovakia, as was a lower loss in Slovenia.

Profit before tax in the Southeastern Europe segment increased 22 per cent, or € 54 million, to € 300 million year-on-year. This was primarily due to lower net provisioning for impairment losses in Romania, Croatia, and Bulgaria.

With profit before tax of € 367 million, the Russia segment continued to make the largest regional contribution to net income, despite being down € 140 million year-on-year. This decline was the result of higher net provisioning for impairment losses (up € 97 million) as well as lower net operating income due to currency effects (down € 22 million).

In the CEE Other segment, increased net provisioning for impairment losses in Ukraine had a negative impact on net income during the period. A loss of € 93 million was posted in the reporting period following a profit before tax of € 149 million in the comparable period of the previous year.

The Group Corporates segment's profit before tax halved to € 59 million year-on-year. This was mainly due to the higher need for loan loss provisions in relation to loans to large corporate customers at Group head office and in Asia.

The profit before tax in the Group Markets segment fell 23 per cent to € 84 million year-on-year, mainly due to the negative valuation result of derivative financial instruments.

In the Corporate Center segment, profit before tax fell 95 per cent from € 98 million to € 5 million year-on-year. A partial write-down, carried out during the reporting period, of the participation in Raiffeisen Bank Aval JSC, Kiev, was largely offset by higher interest and dividend income and also by higher net income from liabilities designated at fair value.

Central Europe

in € million	1/1-30/9 2014	1/1-30/9 2013	Change	Q3/2014	Q2/2014	Change
Operating income	1,185	1,238	(4.3)%	392	405	(3.3)%
General administrative expenses	(725)	(784)	(7.5)%	(234)	(246)	(4.9)%
Operating result	460	454	1.3%	158	159	(0.7)%
Net provisioning for impairment losses	(176)	(260)	(32.5)%	(48)	(69)	(30.8)%
Other results	(332)	(66)	399.7%	(217)	(75)	188.5%
Profit/loss before tax	(47)	127	-	(106)	15	-
Assets	39,808	38,353	3.8%	39,808	38,593	3.1%
Net interest margin (average interest-bearing assets)	2.84%	2.90%	(0.06) PP	2.74%	2.90%	(0.15) PP
Return on equity before tax	-	5.2%	-	-	1.6%	-

Operating income

Net interest income in the Central Europe segment fell 3 per cent to € 779 million year-on-year. A decline in net interest income in Hungary, the Czech Republic, and Slovenia contrasted with an increase in Poland and Slovakia. In Slovakia, higher margins in new retail business led to an increase in net interest income, while improved margins in customer business were responsible for the rise in Poland. In contrast, the Czech Republic reported a decline in net interest income as a result of lower margins in retail and corporate customer business – due to competition and currency effects. In Hungary, interest income again fell following lower interest income from derivatives, reduced lending volumes, and a lower market interest rate level. The segment's net interest margin decreased 6 basis points to 2.84 per cent year-on-year. Total assets increased 4 per cent year-on-year to € 39,808 million, while credit risk-weighted assets decreased 6 per cent from € 21,175 million to € 19,995 million.

Net fee and commission income in the segment declined 3 per cent, or € 13 million, to € 396 million year-on-year. Net income from the payment transfer business rose 9 per cent to € 191 million, largely driven by higher fees charged to customers in connection with the financial transaction tax recently introduced in Hungary and as a result of margins in Slovakia. Meanwhile, net income from other banking services fell to minus € 6 million, primarily due to a decline in insurance business in Poland as well as lower fee and commission income from structured financing in the Czech Republic. Similarly, net income from foreign currency, notes/coins, and precious metals business fell 9 per cent to € 106 million year-on-year as a result of currency and volume effects. Net income from loan and guarantee business decreased 19 per cent, or € 8 million, to € 35 million, especially in the Czech Republic and Poland.

The segment's net trading income increased € 7 million to € 14 million. Net income from currency-based transactions increased € 4 million to minus € 12 million year-on-year. This increase was due to valuation gains from currency-based derivatives in Hungary, whilst Poland reported valuation losses. Net income from interest-based transactions rose from € 22 million to € 25 million year-on-year. Valuation losses on derivatives in the Czech Republic were more than offset by valuation gains in Hungary and Poland.

Sundry net operating income for the region fell € 22 million to minus € 4 million. This decrease was due to provisions: On the one hand, net income from provisions was better in Poland in the previous year's period owing to the release of a provision for sales tax liabilities; and on the other, allocations for pending litigations were made during the reporting period in Hungary.

General administrative expenses

The general administrative expenses for the segment fell 7 per cent, or € 59 million, to € 725 million year-on-year. Staff expenses declined in all of the segment's countries, with the Czech Republic recording the biggest decrease due to a cost reduction program. Other administrative expenses predominantly fell in Poland and the Czech Republic, whereas an increase was reported in Slovakia due to higher deposit insurance fees, higher legal, advisory, and consulting expenses, as well as higher advertising, PR, and promotional expenses. Depreciation of tangible and intangible fixed assets primarily rose in Hungary and Poland, while falling in the Czech Republic due to the impairment of a software project in the same period of the previous year. The number of business outlets in the segment rose by 7 to 812 year-on-year, mainly as a result of expansion in Slovakia. The cost/income ratio in the region improved 2.1 percentage points to 61.2 per cent.

Net provisioning for impairment losses

At € 176 million, net provisioning for impairment losses in the Central Europe segment was € 85 million lower year-on-year. Net provisioning for individual loan loss provisions fell € 91 million to € 174 million, while portfolio-based loan loss provisions remained stable at € 3 million. Income from loan termination or sale decreased € 6 million. Individual countries in the segment developed differently. In Hungary, net provisioning for impairment losses fell € 56 million for both retail and corporate customers. Net provisioning for impairment losses also declined in Slovenia and Poland, while it increased in the Czech Republic and Slovakia. In the Central Europe segment, the share of non-performing loans to non-banks in loan portfolio fell 0.5 percentage points to 11.5 per cent year-on-year.

Other results and taxes

The Central Europe segment's other results decreased € 265 million to minus € 332 million year-on-year.

Due to a change in legislation in Hungary, a one-off effect in form of a provision of € 272 million was posted in sundry operating expenses in the reporting year. This law related to FX margins which can be applied to foreign currency loan disbursements and installments, as well as unilateral rate changes on consumer loans. The bank levy contained in other results fell € 14 million, mainly in Hungary.

Net income from derivatives and liabilities increased € 2 million to € 5 million year-on-year. This was primarily due to improved results in the Czech Republic. Net income from hedge accounting increased, while net income from other derivatives also improved.

Net income from financial investments declined € 13 million to € 5 million year-on-year. The valuation of securities from the fair value portfolio led to a € 22 million decline, mainly as a result of municipal bonds in Hungary. This was partly compensated by lower net provisioning for impairment losses on equity participations – especially in Slovakia – and by slightly higher net proceeds from the sale of securities and equity participations.

The segment's income tax expense increased 22 per cent to € 65 million, predominantly in Slovakia and Poland.

Detailed results of individual countries:

Czech Republic

in € million	1/1-30/9 2014	1/1-30/9 2013	Change	Q3/2014	Q2/2014	Change
Net interest income	170	177	(3.9)%	59	58	1.7%
Net fee and commission income	79	96	(17.5)%	26	26	(1.5)%
Net trading income	(2)	10	-	(1)	(1)	(36.2)%
Sundry net operating income	9	9	(3.6)%	3	3	(10.6)%
Operating income	257	292	(12.3)%	87	86	0.8%
General administrative expenses	(149)	(182)	(18.3)%	(51)	(48)	6.2%
Operating result	108	110	(2.3)%	36	38	(5.8)%
Net provisioning for impairment losses	(31)	(26)	19.0%	(9)	(12)	(28.1)%
Other results	6	(3)	-	1	1	(2.9)%
Profit before tax	83	82	0.8%	28	27	4.2%
Income taxes	(16)	(17)	(8.8)%	(5)	(5)	5.1%
Profit after tax	67	65	3.4%	23	22	4.0%
Assets	8,218	8,274	(0.7)%	8,218	7,900	4.0%
Loans and advances to customers	6,201	6,289	(1.4)%	6,201	6,126	1.2%
hereof corporate %	43.6%	43.4%	0.3 PP	43.6%	43.7%	0.0 PP
hereof retail %	55.8%	56.2%	(0.4) PP	55.8%	55.7%	0.0 PP
hereof foreign currency %	12.5%	9.4%	3.1 PP	12.5%	11.9%	0.7 PP
Deposits from customers	6,123	5,804	5.5%	6,123	5,700	7.4%
Loan/deposit ratio	101.2%	108.3%	(7.1) PP	101.2%	107.4%	(6.2) PP
Equity	775	777	(0.3)%	775	753	2.9%
Return on equity before tax	15.8%	15.9%	(0.1) PP	15.7%	15.3%	0.5 PP
Return on equity after tax	12.8%	12.6%	0.2 PP	12.9%	12.5%	0.4 PP
Cost/income ratio	57.9%	62.2%	(4.3) PP	58.5%	55.6%	2.9 PP
Net interest margin (average interest-bearing assets)	3.03%	3.03%	0.00 PP	3.11%	3.11%	0.00 PP
Employees as at reporting date	2,727	2,832	(3.7)%	2,727	2,732	(0.2)%
Business outlets	128	130	(1.5)%	128	130	(1.5)%
Customers	482,818	483,302	(0.1)%	482,818	476,258	1.4%

Hungary

in € million	1/1-30/9 2014	1/1-30/9 2013	Change	Q3/2014	Q2/2014	Change
Net interest income	118	149	(20.4)%	36	39	(7.3)%
Net fee and commission income	91	84	8.2%	31	28	12.5%
Net trading income	8	(16)	-	1	1	(5.3)%
Sundry net operating income	(32)	(32)	(0.3)%	(13)	(3)	337.2%
Operating income	186	185	0.1%	56	65	(14.3)%
General administrative expenses	(131)	(137)	(3.9)%	(43)	(47)	(8.9)%
Operating result	54	49	11.5%	13	18	(28.0)%
Net provisioning for impairment losses	(41)	(97)	(57.7)%	(3)	(20)	(84.4)%
Other results	(308)	(29)	>500.0%	(209)	(65)	222.6%
Loss before tax	(295)	(78)	280.3%	(198)	(66)	200.4%
Income taxes	(6)	(3)	113.2%	(3)	(1)	481.1%
Loss after tax	(301)	(81)	274.3%	(202)	(67)	202.8%
Assets	6,428	6,270	2.5%	6,428	6,069	5.9%
Loans and advances to customers	4,853	5,161	(6.0)%	4,853	4,951	(2.0)%
hereof corporate %	53.7%	53.0%	0.7 PP	53.7%	52.7%	1.0 PP
hereof retail %	33.5%	36.0%	(2.5) PP	33.5%	33.6%	(0.1) PP
hereof foreign currency %	67.4%	61.7%	5.7 PP	67.4%	63.6%	3.8 PP
Deposits from customers	4,180	4,082	2.4%	4,180	3,882	7.7%
Loan/deposit ratio	115.8%	126.4%	(10.6) PP	115.8%	127.5%	(11.7) PP
Equity	203	371	(45.3)%	203	312	(35.0)%
Return on equity before tax	-	-	-	-	-	-
Return on equity after tax	-	-	-	-	-	-
Cost/income ratio	70.7%	73.7%	(3.0) PP	76.3%	71.8%	4.5 PP
Net interest margin (average interest-bearing assets)	2.73%	3.15%	(0.42) PP	2.52%	2.71%	(0.20) PP
Employees as at reporting date	2,326	2,715	(14.3)%	2,326	2,407	(3.4)%
Business outlets	117	124	(5.6)%	117	122	(4.1)%
Customers	593,187	604,565	(1.9)%	593,187	595,456	(0.4)%

Poland

in € million	1/1-30/9 2014	1/1-30/9 2013	Change	Q3/2014	Q2/2014	Change
Net interest income	241	233	3.1%	77	84	(7.6)%
Net fee and commission income	111	123	(9.7)%	37	36	2.6%
Net trading income	3	8	(61.7)%	3	1	322.9%
Sundry net operating income	6	23	(74.0)%	3	1	269.4%
Operating income	360	387	(6.9)%	120	121	(1.0)%
General administrative expenses	(242)	(266)	(9.0)%	(73)	(83)	(12.1)%
Operating result	118	121	(2.4)%	47	38	23.6%
Net provisioning for impairment losses	(54)	(74)	(27.2)%	(15)	(19)	(20.3)%
Other results	(3)	(2)	86.2%	0	(3)	(88.1)%
Profit before tax	61	45	34.4%	31	16	98.5%
Income taxes	(15)	(11)	35.5%	(6)	(5)	35.1%
Profit after tax	46	35	34.1%	25	11	125.8%
Assets	13,451	12,708	5.8%	13,451	13,307	1.1%
Loans and advances to customers	9,867	9,832	0.4%	9,867	10,114	(2.4)%
hereof corporate %	35.3%	33.0%	2.3 PP	35.3%	36.7%	(1.4) PP
hereof retail %	64.6%	66.8%	(2.2) PP	64.6%	63.2%	1.4 PP
hereof foreign currency %	56.9%	55.6%	1.2 PP	56.9%	54.5%	2.3 PP
Deposits from customers	7,720	7,053	9.5%	7,720	7,513	2.8%
Loan/deposit ratio	127.1%	139.4%	(12.3) PP	127.1%	129.3%	(2.2) PP
Equity	1,534	1,446	6.1%	1,534	1,488	3.1%
Return on equity before tax	5.6%	4.2%	1.4 PP	8.4%	4.3%	4.1 PP
Return on equity after tax	4.2%	3.2%	1.0 PP	6.7%	3.0%	3.7 PP
Cost/income ratio	67.2%	68.7%	(1.5) PP	61.1%	68.8%	(7.7) PP
Net interest margin (average interest-bearing assets)	2.56%	2.52%	0.05 PP	2.41%	2.66%	(0.25) PP
Employees as at reporting date	5,594	6,124	(8.7)%	5,594	5,731	(2.4)%
Business outlets	369	371	(0.5)%	369	371	(0.5)%
Customers	729,455	806,789	(9.6)%	729,455	743,389	(1.9)%

Slovakia

in € million	1/1-30/9 2014	1/1-30/9 2013	Change	Q3/2014	Q2/2014	Change
Net interest income	239	229	4.5%	80	81	(1.3)%
Net fee and commission income	110	100	9.6%	38	40	(3.9)%
Net trading income	4	3	7.4%	1	1	30.1%
Sundry net operating income	16	19	(14.3)%	5	6	(19.8)%
Operating income	369	352	5.0%	124	127	(2.7)%
General administrative expenses	(189)	(183)	3.0%	(62)	(63)	(1.8)%
Operating result	180	168	7.1%	62	64	(3.6)%
Net provisioning for impairment losses	(34)	(29)	14.9%	(10)	(11)	(10.7)%
Other results	(25)	(33)	(22.0)%	(8)	(8)	0.1%
Profit before tax	121	106	13.8%	43	44	(2.4)%
Income taxes	(29)	(23)	25.2%	(10)	(11)	(13.0)%
Profit after tax	92	83	10.7%	33	33	1.1%
Assets	10,507	9,769	7.6%	10,507	10,128	3.7%
Loans and advances to customers	7,355	6,911	6.4%	7,355	7,127	3.2%
hereof corporate %	47.4%	47.3%	0.2 PP	47.4%	46.9%	0.5 PP
hereof retail %	52.4%	52.5%	(0.1) PP	52.4%	52.8%	(0.4) PP
hereof foreign currency %	1.0%	0.6%	0.4 PP	1.0%	1.0%	0.0 PP
Deposits from customers	7,390	7,321	0.9%	7,390	7,734	(4.5)%
Loan/deposit ratio	99.5%	94.4%	5.1 PP	99.5%	92.1%	7.4 PP
Equity	991	1,012	(2.1)%	991	952	4.1%
Return on equity before tax	16.7%	14.9%	1.8 PP	19.1%	18.4%	0.7 PP
Return on equity after tax	12.8%	11.7%	1.0 PP	14.8%	13.8%	1.0 PP
Cost/income ratio	51.2%	52.2%	(1.0) PP	50.0%	49.6%	0.4 PP
Net interest margin (average interest-bearing assets)	3.31%	3.37%	(0.06) PP	3.25%	3.35%	(0.10) PP
Employees as at reporting date	3,843	3,844	0.0%	3,843	3,866	(0.6)%
Business outlets	184	163	12.9%	184	179	2.8%
Customers	924,023	889,023	3.9%	924,023	914,343	1.1%

Slovenia

in € million	1/1-30/9 2014	1/1-30/9 2013	Change	Q3/2014	Q2/2014	Change
Net interest income	10	15	(32.6)%	3	3	(2.3)%
Net fee and commission income	5	6	(6.3)%	2	2	7.6%
Net trading income	1	1	3.1%	0	0	(18.4)%
Sundry net operating income	(3)	0	>500.0%	0	0	37.6%
Operating income	14	21	(36.9)%	5	5	1.4%
General administrative expenses	(14)	(16)	(11.5)%	(5)	(5)	9.0%
Operating result	(1)	5	-	0	1	(44.0)%
Net provisioning for impairment losses	(16)	(34)	(52.5)%	(10)	(6)	65.9%
Other results	0	(1)	(77.1)%	0	0	13.2%
Loss before tax	(17)	(29)	(41.5)%	(10)	(6)	80.5%
Income taxes	0	0	-	0	0	-
Loss after tax	(17)	(29)	(41.1)%	(10)	(6)	80.5%
Assets	1,215	1,339	(9.3)%	1,215	1,202	1.1%
Loans and advances to customers	884	1,097	(19.4)%	884	924	(4.4)%
hereof corporate %	59.0%	61.1%	(2.1) PP	59.0%	59.5%	(0.6) PP
hereof retail %	34.1%	31.8%	2.3 PP	34.1%	33.8%	0.3 PP
hereof foreign currency %	4.5%	4.3%	0.2 PP	4.5%	4.4%	0.1 PP
Deposits from customers	478	397	20.2%	478	444	7.5%
Loan/deposit ratio	185.0%	276.1%	(91.1) PP	185.0%	208.0%	(22.9) PP
Equity	60	27	117.6%	60	26	132.0%
Return on equity before tax	-	-	-	-	-	-
Return on equity after tax	-	-	-	-	-	-
Cost/income ratio	105.5%	75.2%	30.3 PP	92.1%	85.6%	6.4 PP
Net interest margin (average interest-bearing assets)	1.19%	1.45%	(0.27) PP	1.17%	1.16%	0.01 PP
Employees as at reporting date	231	253	(8.7)%	231	226	2.2%
Business outlets	14	17	(17.6)%	14	14	0.0%
Customers	63,953	65,719	(2.7)%	63,953	64,306	(0.5)%

Southeastern Europe

in € million	1/1-30/9 2014	1/1-30/9 2013	Change	Q3/2014	Q2/2014	Change
Operating income	973	964	1.0%	332	323	2.8%
General administrative expenses	(500)	(515)	(2.8)%	(168)	(169)	(0.7)%
Operating result	473	449	5.2%	164	154	6.6%
Net provisioning for impairment losses	(177)	(219)	(19.0)%	(43)	(72)	(40.1)%
Other results	4	15	(71.2)%	(2)	4	-
Profit before tax	300	246	22.1%	120	87	38.0%
Assets	21,350	21,358	0.0%	21,350	20,885	2.2%
Net interest margin (average interest-bearing assets)	4.30%	4.33%	(0.03) PP	4.28%	4.33%	(0.05) PP
Return on equity before tax	18.3%	16.1%	2.2 PP	21.3%	14.9%	6.3 PP

Operating income

The segment's net interest income decreased 3 per cent, or € 17 million, to € 628 million year-on-year. While Albania reported a rise of 6 per cent, net interest income in Croatia and Kosovo was stable. In Romania, lower market interest rates and declining interest income from securities were responsible for a decrease in net interest income. Lower margins and reduced lending volumes in the retail customer business led to a decline in Serbia. Net interest income was also lower in Bosnia and Herzegovina and Bulgaria as a result of lower market interest rates and reduced volumes. The segment's net interest margin fell 3 basis points to 4.30 per cent. Total assets remained unchanged at € 21,350 million year-on-year, while credit risk-weighted assets declined 3 per cent to € 12,406 million.

Net fee and commission income was up 7 per cent, or € 17 million, to € 269 million. Net income from other banking services increased € 6 million to € 19 million year-on-year, mainly as a result of income generated by lead arranger activities in Romania. Net income from the payment transfer business rose 4 per cent to € 146 million and was positively impacted by higher income in Croatia, as well as through margin improvements in account management and credit card business in Romania. Net income from foreign currency, notes/coins, and precious metal business increased 7 per cent to € 55 million and was driven by higher volumes and margins, above all in Romania and Bosnia and Herzegovina.

Net trading income in the Southeastern Europe segment improved € 4 million to € 45 million year-on-year. The improvement in income from interest-based transactions, up € 2 million to € 24 million, was mainly due to business developments in Croatia and Romania - where higher valuation gains from bonds in the trading portfolio and from interest-based derivatives were reported. In contrast, Albania reported slight declines due to lower volumes and reduced interest rates for government bonds. Net income from currency-based transactions increased € 2 million to € 21 million as a result of valuation gains from foreign currency positions in Romania and Croatia. This was set against valuation losses from currency-based derivatives in Serbia.

Sundry net operating income improved € 5 million to € 32 million year-on-year, due above all to an increase in net income from non-banking activities and higher gains from the release of other provisions in Croatia.

General administrative expenses

The segment's general administrative expenses fell € 14 million to € 500 million year-on-year. Staff expenses declined slightly to € 223 million as did other administrative expenses which declined to € 220 million. Depreciation decreased 11 per cent, or € 7 million, to € 58 million, mainly as a result of lower depreciation of tangible fixed assets in Romania and Bulgaria, as well as of tangible fixed assets and leased assets in Croatia. The cost/income ratio improved 2.0 percentage points to 51.4 per cent.

Net provisioning for impairment losses

Net provisioning for impairment losses in the Southeastern Europe segment declined € 42 million to € 177 million year-on-year. The largest falls were reported in Romania, Croatia, and Bulgaria: In Romania, the need for provisioning was € 14 million lower; in Croatia (down € 13 million), collection activities and restructuring were stepped up for both corporate and retail customers; and the decrease in Bulgaria (down € 10 million) was attributable to fewer non-performing loans and a higher need for provisioning in the previous year's period following the impairment of collateral. The share of non-bank non-performing loans in the segment's loan portfolio increased 0.5 percentage points to 14.2 per cent.

Other results and taxes

Other results in the segment fell € 11 million to € 4 million year-on-year.

Net income from derivatives and liabilities was down € 7 million year-on-year. This was attributable mainly to valuation losses on interest rate swaps in Croatia.

Net income from financial investments fell € 3 million to € 5 million and was largely due to lower net proceeds from the sale of securities from the fair value portfolio and lower valuation results – mainly for government bonds in Romania – which were partly offset by higher net proceeds from the sale of securities from the fair value portfolio and higher valuation results in Croatia.

The region's tax expense increased € 22 million to € 45 million year-on-year, while the tax rate also rose by 6 percentage points to 15 per cent. This was mainly due to the release of a tax liability in Romania in the previous year's period as well as higher tax results in Croatia and Bulgaria.

Detailed results of individual countries:

Albania

in € million	1/1-30/9 2014	1/1-30/9 2013	Change	Q3/2014	Q2/2014	Change
Net interest income	60	57	6.4%	19	20	(3.7)%
Net fee and commission income	8	7	7.3%	3	3	13.8%
Net trading income	14	16	(13.9)%	4	5	(12.1)%
Sundry net operating income	1	1	(58.3)%	1	0	338.5%
Operating income	83	81	1.4%	27	28	(1.4)%
General administrative expenses	(31)	(30)	3.3%	(11)	(11)	4.5%
Operating result	51	51	0.2%	16	17	(5.0)%
Net provisioning for impairment losses	(19)	(18)	5.7%	(7)	(6)	23.3%
Other results	0	0	-	0	0	-
Profit before tax	33	33	(2.7)%	9	11	(19.3)%
Income taxes	(5)	(3)	44.1%	(1)	(2)	(19.0)%
Profit after tax	27	30	(8.1)%	8	10	(19.3)%
Assets	1,975	2,161	(8.6)%	1,975	1,966	0.4%
Loans and advances to customers	911	899	1.3%	911	892	2.1%
hereof corporate %	71.6%	69.4%	2.1 PP	71.6%	69.5%	2.1 PP
hereof retail %	28.4%	30.6%	(2.1) PP	28.4%	30.5%	(2.1) PP
hereof foreign currency %	69.6%	65.5%	4.1 PP	69.6%	71.0%	(1.4) PP
Deposits from customers	1,654	1,856	(10.9)%	1,654	1,647	0.4%
Loan/deposit ratio	55.0%	48.4%	6.6 PP	55.0%	54.1%	0.9 PP
Equity	221	217	1.8%	221	213	3.9%
Return on equity before tax	21.5%	23.6%	(2.1) PP	18.9%	22.8%	(3.9) PP
Return on equity after tax	18.2%	21.1%	(3.0) PP	15.9%	19.2%	(3.3) PP
Cost/income ratio	37.8%	37.1%	0.7 PP	40.7%	38.5%	2.3 PP
Net interest margin (average interest-bearing assets)	4.75%	4.08%	0.67 PP	4.65%	4.81%	(0.16) PP
Employees as at reporting date	1,336	1,389	(3.8)%	1,336	1,337	(0.1)%
Business outlets	96	105	(8.6)%	96	95	1.1%
Customers	710,587	724,770	(2.0)%	710,587	695,481	2.2%

Bosnia and Herzegovina

in € million	1/1-30/9 2014	1/1-30/9 2013	Change	Q3/2014	Q2/2014	Change
Net interest income	52	55	(4.9)%	16	18	(7.3)%
Net fee and commission income	26	23	9.6%	9	9	(2.3)%
Net trading income	1	2	(46.5)%	1	0	480.2%
Sundry net operating income	1	2	(29.3)%	0	1	-
Operating income	80	82	(2.4)%	26	27	(5.9)%
General administrative expenses	(43)	(46)	(5.9)%	(14)	(15)	(2.7)%
Operating result	37	36	2.1%	11	12	(9.8)%
Net provisioning for impairment losses	(6)	(7)	(16.9)%	2	(8)	-
Other results	(1)	(1)	33.6%	0	0	>500.0%
Profit before tax	31	29	6.2%	13	5	158.3%
Income taxes	(3)	(3)	10.3%	(1)	0	272.7%
Profit after tax	27	26	5.7%	11	4	148.8%
Assets	1,965	2,013	(2.4)%	1,965	1,954	0.6%
Loans and advances to customers	1,196	1,258	(4.9)%	1,196	1,191	0.4%
hereof corporate %	34.7%	37.1%	(2.4) PP	34.7%	34.2%	0.5 PP
hereof retail %	64.9%	62.1%	2.8 PP	64.9%	65.3%	(0.4) PP
hereof foreign currency %	71.8%	74.6%	(2.8) PP	71.8%	72.6%	(0.9) PP
Deposits from customers	1,533	1,556	(1.4)%	1,533	1,508	1.7%
Loan/deposit ratio	78.0%	80.9%	(2.9) PP	78.0%	79.0%	(1.0) PP
Equity	279	268	3.9%	279	262	6.2%
Return on equity before tax	15.8%	16.0%	(0.2) PP	20.2%	7.6%	12.6 PP
Return on equity after tax	14.1%	14.3%	(0.2) PP	18.0%	7.0%	11.0 PP
Cost/income ratio	53.7%	55.7%	(2.0) PP	56.3%	54.4%	1.9 PP
Net interest margin (average interest-bearing assets)	3.70%	3.90%	(0.21) PP	3.52%	3.72%	(0.20) PP
Employees as at reporting date	1,462	1,504	(2.8)%	1,462	1,471	(0.6)%
Business outlets	96	98	(2.0)%	96	97	(1.0)%
Customers	501,996	496,807	1.0%	501,996	500,461	0.3%

Bulgaria

in € million	1/1-30/9 2014	1/1-30/9 2013	Change	Q3/2014	Q2/2014	Change
Net interest income	93	98	(5.3)%	30	32	(7.0)%
Net fee and commission income	29	28	3.7%	10	10	5.6%
Net trading income	3	2	77.1%	1	1	1.8%
Sundry net operating income	0	0	(44.2)%	0	0	(11.2)%
Operating income	125	128	(2.4)%	41	43	(4.0)%
General administrative expenses	(66)	(68)	(2.6)%	(22)	(22)	(0.1)%
Operating result	59	61	(2.2)%	19	21	(8.1)%
Net provisioning for impairment losses	(43)	(53)	(19.5)%	(13)	(14)	(7.7)%
Other results	0	(1)	-	0	0	(55.9)%
Profit before tax	16	6	159.2%	7	7	(7.8)%
Income taxes	(2)	0	>500.0%	(1)	(1)	1.5%
Profit after tax	15	6	134.8%	6	6	(8.7)%
Assets	3,377	3,409	(0.9)%	3,377	3,232	4.5%
Loans and advances to customers	2,297	2,629	(12.6)%	2,297	2,370	(3.1)%
hereof corporate %	42.9%	44.4%	(1.5) PP	42.9%	42.9%	0.0 PP
hereof retail %	56.6%	55.1%	1.5 PP	56.6%	56.6%	0.0 PP
hereof foreign currency %	64.2%	71.6%	(7.4) PP	64.2%	65.3%	(1.1) PP
Deposits from customers	2,295	2,157	6.4%	2,295	2,106	9.0%
Loan/deposit ratio	100.1%	121.9%	(21.8) PP	100.1%	112.6%	(12.5) PP
Equity	486	505	(3.8)%	486	480	1.2%
Return on equity before tax	4.6%	1.7%	2.9 PP	5.6%	6.1%	(0.5) PP
Return on equity after tax	4.2%	1.7%	2.5 PP	5.0%	5.5%	(0.5) PP
Cost/income ratio	52.7%	52.8%	(0.1) PP	53.2%	51.1%	2.1 PP
Net interest margin (average interest-bearing assets)	3.99%	3.95%	0.04 PP	3.81%	4.16%	(0.35) PP
Employees as at reporting date	2,767	3,029	(8.6)%	2,767	2,764	0.1%
Business outlets	156	178	(12.4)%	156	156	0.0%
Customers	755,250	738,588	2.3%	755,250	745,331	1.3%

Croatia

in € million	1/1-30/9 2014	1/1-30/9 2013	Change	Q3/2014	Q2/2014	Change
Net interest income	114	112	2.0%	40	37	6.6%
Net fee and commission income	46	43	9.1%	17	15	9.7%
Net trading income	12	7	56.1%	3	6	(54.6)%
Sundry net operating income	24	19	29.3%	10	6	87.2%
Operating income	196	180	8.7%	69	64	8.8%
General administrative expenses	(97)	(98)	(0.9)%	(34)	(31)	10.1%
Operating result	99	83	20.1%	35	32	7.5%
Net provisioning for impairment losses	(35)	(48)	(26.5)%	(4)	(19)	(79.4)%
Other results	2	2	(1.1)%	1	1	(24.2)%
Profit before tax	66	37	79.8%	32	15	118.6%
Income taxes	(12)	(7)	59.4%	(5)	(3)	81.7%
Profit after tax	54	29	84.9%	27	12	127.2%
Assets	4,771	4,948	(3.6)%	4,771	4,553	4.8%
Loans and advances to customers	3,323	3,468	(4.2)%	3,323	3,340	(0.5)%
hereof corporate %	41.3%	41.5%	(0.2) PP	41.3%	42.4%	(1.2) PP
hereof retail %	52.6%	49.0%	3.6 PP	52.6%	50.0%	2.6 PP
hereof foreign currency %	64.1%	60.9%	3.1 PP	64.1%	66.1%	(2.0) PP
Deposits from customers	3,119	3,012	3.5%	3,119	2,816	10.8%
Loan/deposit ratio	106.8%	115.9%	(9.2) PP	106.8%	118.1%	(11.4) PP
Equity	696	736	(5.4)%	696	677	2.8%
Return on equity before tax	13.1%	6.9%	6.3 PP	19.7%	8.7%	11.0 PP
Return on equity after tax	10.8%	5.5%	5.3 PP	16.6%	7.1%	9.6 PP
Cost/income ratio	49.4%	54.2%	(4.8) PP	49.5%	48.9%	0.6 PP
Net interest margin (average interest-bearing assets)	3.77%	3.43%	0.33 PP	3.92%	3.73%	0.19 PP
Employees as at reporting date	2,104	2,040	3.1%	2,104	2,027	3.8%
Business outlets	77	76	1.3%	77	76	1.3%
Customers	468,071	474,668	(1.4)%	468,071	478,267	(2.1)%

Kosovo

in € million	1/1-30/9 2014	1/1-30/9 2013	Change	Q3/2014	Q2/2014	Change
Net interest income	29	29	(0.7)%	10	10	(0.5)%
Net fee and commission income	6	6	(1.0)%	2	2	11.9%
Net trading income	0	0	(90.2)%	0	0	(25.0)%
Sundry net operating income	(1)	0	132.2%	0	0	>500.0%
Operating income	34	35	(2.1)%	12	12	(1.1)%
General administrative expenses	(18)	(18)	(0.4)%	(6)	(6)	(0.5)%
Operating result	16	17	(3.8)%	6	6	(1.8)%
Net provisioning for impairment losses	(1)	(3)	(73.8)%	(1)	0	242.8%
Other results	0	0	-	0	0	229.3%
Profit before tax	15	14	8.3%	4	5	(18.4)%
Income taxes	(2)	(1)	17.5%	0	(1)	(33.6)%
Profit after tax	13	13	7.2%	4	5	(16.2)%
Assets	782	654	19.5%	782	734	6.5%
Loans and advances to customers	483	454	6.4%	483	488	(1.2)%
hereof corporate %	40.5%	39.4%	1.2 PP	40.5%	41.5%	(1.0) PP
hereof retail %	59.5%	60.6%	(1.2) PP	59.5%	58.5%	1.0 PP
hereof foreign currency %	0.0%	0.0%	0.0 PP	0.0%	0.0%	0.0 PP
Deposits from customers	613	515	19.1%	613	580	5.8%
Loan/deposit ratio	78.7%	88.0%	(9.4) PP	78.7%	84.2%	(5.5) PP
Equity	121	105	15.9%	121	112	8.0%
Return on equity before tax	19.0%	20.9%	(1.9) PP	15.7%	20.8%	(5.1) PP
Return on equity after tax	16.8%	18.7%	(1.9) PP	12.9%	18.2%	(5.4) PP
Cost/income ratio	52.7%	51.8%	0.9 PP	51.4%	51.0%	0.3 PP
Net interest margin (average interest-bearing assets)	5.36%	6.20%	(0.84) PP	5.28%	5.59%	(0.31) PP
Employees as at reporting date	707	701	0.9%	707	702	0.7%
Business outlets	54	51	5.9%	54	54	0.0%
Customers	270,403	246,190	9.8%	270,403	262,458	3.0%

Romania

in € million	1/1-30/9 2014	1/1-30/9 2013	Change	Q3/2014	Q2/2014	Change
Net interest income	204	212	(3.6)%	70	67	4.1%
Net fee and commission income	127	118	7.9%	47	42	10.1%
Net trading income	15	11	33.5%	5	4	11.1%
Sundry net operating income	2	3	(9.3)%	1	1	85.8%
Operating income	348	343	1.5%	122	114	7.0%
General administrative expenses	(193)	(200)	(3.2)%	(63)	(67)	(5.7)%
Operating result	155	143	8.2%	59	47	25.0%
Net provisioning for impairment losses	(61)	(75)	(18.9)%	(15)	(20)	(25.8)%
Other results	4	14	(73.9)%	(2)	4	-
Profit before tax	97	81	19.5%	42	30	38.1%
Income taxes	(17)	(1)	>500.0%	(8)	(5)	52.4%
Profit after tax	81	81	0.4%	34	25	35.1%
Assets	6,510	6,315	3.1%	6,510	6,516	(0.1)%
Loans and advances to customers	4,445	4,396	1.1%	4,445	4,380	1.5%
hereof corporate %	34.1%	34.1%	0.0 PP	34.1%	33.4%	0.7 PP
hereof retail %	63.1%	62.7%	0.4 PP	63.1%	64.2%	(1.1) PP
hereof foreign currency %	50.2%	52.5%	(2.3) PP	50.2%	50.8%	(0.6) PP
Deposits from customers	4,262	4,144	2.9%	4,262	4,273	(0.2)%
Loan/deposit ratio	104.0%	106.1%	(2.1) PP	104.0%	102.5%	1.5 PP
Equity	715	654	9.4%	715	683	4.8%
Return on equity before tax	20.2%	20.1%	0.1 PP	26.3%	18.4%	7.9 PP
Return on equity after tax	16.8%	19.8%	(3.1) PP	21.4%	15.3%	6.1 PP
Cost/income ratio	55.5%	58.2%	(2.7) PP	51.7%	58.7%	(7.0) PP
Net interest margin (average interest-bearing assets)	4.38%	4.65%	(0.28) PP	4.46%	4.35%	0.11 PP
Employees as at reporting date	5,368	5,383	(0.3)%	5,368	5,363	0.1%
Business outlets	530	529	0.2%	530	530	0.0%
Customers	2,049,071	2,009,889	1.9%	2,049,071	2,066,076	(0.8)%

Serbia

in € million	1/1-30/9 2014	1/1-30/9 2013	Change	Q3/2014	Q2/2014	Change
Net interest income	76	83	(8.7)%	25	25	0.9%
Net fee and commission income	26	27	(0.2)%	9	9	(1.9)%
Net trading income	1	2	(66.7)%	0	0	-
Sundry net operating income	4	2	63.0%	1	1	(7.2)%
Operating income	107	114	(6.3)%	35	36	(2.1)%
General administrative expenses	(52)	(56)	(6.4)%	(17)	(18)	(3.3)%
Operating result	55	58	(6.3)%	18	18	(1.0)%
Net provisioning for impairment losses	(12)	(14)	(11.5)%	(5)	(5)	(8.0)%
Other results	0	1	-	0	0	-
Profit before tax	42	45	(6.7)%	13	13	1.6%
Income taxes	(5)	(6)	(22.6)%	(1)	(1)	12.7%
Profit after tax	37	39	(4.2)%	12	12	0.3%
Assets	1,972	1,862	5.9%	1,972	1,946	1.3%
Loans and advances to customers	1,112	1,167	(4.7)%	1,112	1,112	0.0%
hereof corporate %	50.3%	49.3%	1.0 PP	50.3%	49.8%	0.5 PP
hereof retail %	47.7%	48.1%	(0.4) PP	47.7%	48.2%	(0.6) PP
hereof foreign currency %	64.5%	67.0%	(2.5) PP	64.5%	72.0%	(7.5) PP
Deposits from customers	1,269	1,119	13.4%	1,269	1,220	4.0%
Loan/deposit ratio	87.6%	104.3%	(16.7) PP	87.6%	91.1%	(3.5) PP
Equity	516	491	5.1%	516	518	(0.4)%
Return on equity before tax	11.5%	13.3%	(1.8) PP	11.0%	10.6%	0.3 PP
Return on equity after tax	10.3%	11.6%	(1.3) PP	9.8%	9.6%	0.2 PP
Cost/income ratio	49.0%	49.0%	0.0 PP	49.1%	49.7%	(0.6) PP
Net interest margin (average interest-bearing assets)	5.60%	6.21%	(0.60) PP	5.50%	5.57%	(0.07) PP
Employees as at reporting date	1,590	1,666	(4.6)%	1,590	1,589	0.1%
Business outlets	86	84	2.4%	86	86	0.0%
Customers	622,755	586,174	6.2%	622,755	614,340	1.4%

Russia

in € million	1/1-30/9 2014	1/1-30/9 2013	Change	Q3/2014	Q2/2014	Change
Operating income	848	894	(5.2)%	269	298	(9.5)%
General administrative expenses	(368)	(392)	(6.1)%	(126)	(129)	(2.2)%
Operating result	480	502	(4.5)%	143	169	(15.2)%
Net provisioning for impairment losses	(117)	(19)	>500.0%	(47)	(43)	10.7%
Other results	4	24	(84.9)%	4	1	381.6%
Profit before tax	367	507	(27.6)%	100	127	(21.1)%
Assets	14,683	15,796	(7.0)%	14,683	16,041	(8.5)%
Net interest margin (average interest-bearing assets)	5.87%	4.81%	1.07 PP	6.37%	5.74%	0.63 PP
Return on equity before tax	29.8%	41.8%	(12.0) PP	23.8%	29.7%	(5.9) PP

Operating income

Net interest income in Russia rose 17 per cent, or € 94 million, to € 635 million year-on-year. Interest income from derivative financial instruments increased € 53 million. Increased interest income from loans also had a positive effect, which largely reflected higher volumes in the retail business. The segment's net interest margin was up 107 basis points to 5.87 per cent year-on-year. Total assets fell 7 per cent to € 14,683 million year-on-year, while credit risk-weighted assets decreased 7 per cent to € 9,487 million.

As a result of currency effects, net fee and commission income declined 7 per cent, or € 17 million, to € 214 million year-on-year due to currency effects. While net income from loan and guarantee business fell € 11 million to € 59 million, net income from foreign currency, notes/coins, and precious metals business rose € 7 million to € 53 million - largely due to higher volumes. Net income from payment transfer business fell € 5 million to € 78 million, and net income from the management of investment and pension funds was down € 4 million.

Net trading income decreased € 131 million to minus € 10 million, which is considerably lower than that of the previous year's period. Net income from currency-based transactions fell € 114 million to minus € 1 million due to lower valuation results from foreign currency derivatives carried out for hedging purposes. Besides currency movements, this was attributable to a different classification of new foreign currency transactions which resulted in interest income from such transactions now being reported under net interest income. Net income from interest-based transactions was also down - € 17 million to minus € 9 million - as a result of valuation losses.

Sundry net operating income reversed from a loss of less than € 1 million to plus € 8 million, due to the sale of a building.

General administrative expenses

The segment's general administrative expenses fell 6 per cent, or € 24 million, to € 368 million due to currency movements. The decrease in staff expenses (down € 12 million) was attributable to the development of the Russian rouble. Other administrative expenses decreased € 6 million which was due to currency movements, as well as lower advertising, PR, and promotional expenses. Depreciation expenses declined € 5 million also largely as a result of currency movements. The number of business outlets rose by 14 to 206 year-on-year. The cost/income ratio improved slightly - up 0.4 percentage points to 43.4 per cent.

Net provisioning for impairment losses

In Russia, net provisioning for impairment losses increased € 97 million in the reporting period, of which € 63 million represented a rise in net provisioning for individual loan loss provisions and € 35 million related to portfolio-based loan loss provisions. This development was mainly the result of an increase in lending volumes to retail and corporate customers, developments in the retail business as a result of the economic situation in Russia (the movement of the US dollar and euro against the Russian rouble as well as inflation led to a deterioration in customers' credit standing) and individual defaults of corporate customers. The share of non-bank non-performing loans in the segment's total credit portfolio increased 1.2 percentage points to 5.6 per cent year-on-year.

Other results and taxes

Other results in the Russia segment fell € 20 million to € 4 million. Net income from financial investments was at minus € 14 million in the reporting period, a decrease from plus € 25 million in the first three quarters of 2013. On the one hand, the decline was the result of higher losses from the valuation and sale of securities from the fair value portfolio (reduction of € 14 million) and, on the other, of net proceeds totaling € 25 million from the sale of equity participations in the the corresponding period of the previous year. Net income from derivative financial instruments improved € 18 million to € 17 million year-on-year, mainly due to valuation gains from interest rate swaps carried out to mitigate interest rate structure risk.

The tax expense declined € 47 million to € 77 million, resulting from lower results and a lower effective tax rate for deferred taxes. The tax rate fell 4 percentage points to 21 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 2014	1/1-30/9 2013	Change	Q3/2014	Q2/2014	Change
Net interest income	635	542	17.3%	233	209	11.2%
Net fee and commission income	214	231	(7.4)%	74	75	(1.2)%
Net trading income	(10)	121	-	(36)	14	-
Sundry net operating income	8	0	-	(1)	(1)	154.1%
Operating income	848	894	(5.2)%	269	298	(9.5)%
General administrative expenses	(368)	(392)	(6.1)%	(126)	(129)	(2.2)%
Operating result	480	502	(4.5)%	143	169	(15.2)%
Net provisioning for impairment losses	(117)	(19)	>500.0%	(47)	(43)	10.7%
Other results	4	24	(84.9)%	4	1	381.6%
Profit before tax	367	507	(27.6)%	100	127	(21.1)%
Income taxes	(77)	(124)	(38.0)%	(22)	(24)	(7.0)%
Profit after tax	289	382	(24.3)%	78	103	(24.4)%
Assets	14,683	15,796	(7.0)%	14,683	16,041	(8.5)%
Loans and advances to customers	10,806	10,173	6.2%	10,806	10,303	4.9%
hereof corporate %	58.2%	57.0%	1.2 PP	58.2%	54.5%	3.7 PP
hereof retail %	41.8%	43.0%	(1.2) PP	41.8%	45.5%	(3.7) PP
hereof foreign currency %	39.7%	34.3%	5.4 PP	39.7%	32.2%	7.5 PP
Deposits from customers	9,255	10,329	(10.4)%	9,255	9,936	(6.9)%
Loan/deposit ratio	116.8%	98.5%	18.3 PP	116.8%	103.7%	13.1 PP
Equity	1,971	2,351	(16.2)%	1,971	2,263	(12.9)%
Return on equity before tax	24.1%	34.1%	(10.0) PP	21.5%	23.9%	(2.5) PP
Return on equity after tax	19.0%	25.8%	(6.7) PP	16.7%	19.4%	(2.7) PP
Cost/income ratio	43.4%	43.8%	(0.4) PP	46.8%	43.2%	3.5 PP
Net interest margin (average interest-bearing assets)	5.87%	4.81%	1.07 PP	6.37%	5.74%	0.63 PP
Employees as at reporting date	8,390	8,572	(2.1)%	8,390	8,486	(1.1)%
Business outlets	206	192	7.3%	206	201	2.5%
Customers	2,840,875	2,523,700	12.6%	2,840,875	2,757,194	3.0%

CEE Other

in € million	1/1-30/9 2014	1/1-30/9 2013	Change	Q3/2014	Q2/2014	Change
Operating income	370	467	(20.8)%	119	134	(11.1)%
General administrative expenses	(241)	(268)	(10.1)%	(97)	(67)	43.6%
Operating result	129	199	(35.1)%	22	67	(66.3)%
Net provisioning for impairment losses	(330)	(94)	250.9%	(144)	(94)	53.8%
Other results	108	44	147.2%	31	34	(9.6)%
Profit/loss before tax	(93)	149	-	(91)	7	-
Assets	4,564	5,981	(23.7)%	4,564	4,560	0.1%
Net interest margin (average interest-bearing assets)	8.97%	7.27%	1.70 PP	8.99%	9.00%	(0.01) PP
Return on equity before tax	-	23.6%	-	-	3.1%	-

Operating income

In the CEE Other segment, net interest income fell 2 per cent, or € 7 million, to € 300 million year-on-year. This was primarily attributable to a currency related reduction in net interest income of 12 per cent, or € 28 million, to € 213 million in Ukraine. In contrast, net interest income in Belarus rose 32 per cent, or € 21 million, to € 86 million as a result of higher lending volumes and improved margins. The net interest margin rose from 7.27 per cent to 8.97 per cent year-on-year. The segment's total assets decreased 24 per cent to € 4,564 million, while credit risk-weighted assets fell 8 per cent to € 4,792 million.

The segment's net fee and commission income fell € 8 million to € 148 million year-on-year. Net income from the payment transfer business was down 17 per cent, or € 20 million, to € 97 million and was due above all to exchange rate related effects in Ukraine. This decline, however, was almost offset in Ukraine by a € 14 million increase in net income from the foreign currency, notes/coins, and precious metals business to € 41 million.

Net trading income declined from plus € 8 million in the same period of the previous year to minus € 65 million in the reporting period. This was primarily due to net income from currency-based transactions, which was negatively affected by higher valuation losses from foreign currency positions in Ukraine.

Sundry net operating income in the segment fell € 9 million to minus € 13 million year-on-year. The negative impact was the result of a newly introduced tax in Ukraine and a real estate write-down. In contrast, real estate sales had a positive impact.

General administrative expenses

Compared to the same period last year, general administrative expenses declined € 27 million to € 241 million. A large proportion of this reduction was recorded in Ukraine, primarily due to the devaluation of the hryvnia, while general administrative expenses in Belarus increased as a result of inflation-related adjustments to wages and salaries. The segment's staff expenses decreased € 32 million as a result of a headcount reduction. The decline in other administrative expenses was largely based on currency developments in Ukraine. An impairment charge of € 31 million concerning the brand and customer base in Ukraine led to increased depreciation of tangible and intangible fixed assets. The number of business outlets decreased by 152 to 767. The cost/income ratio rose 7.7 percentage points to 65.1 per cent.

Net provisioning for impairment losses

The region's net provisioning for impairment losses increased € 236 million to € 330 million year-on-year. The rise was largely attributable to developments in Ukraine. Provisioning for impairment losses rose € 232 million and was largely required on foreign currency loans due to the devaluation of the Ukrainian hryvnia and the resulting need to adjust provisioning for secured US dollar loans, as well as to individual defaults on loans to corporate customers. In Belarus, net provisioning for impairment losses increased € 3 million. The share of non-bank non-performing loans in the segment's overall loan portfolio rose 3.9 percentage points to 29.3 per cent year-on-year.

Other results and taxes

Other results in the segment rose € 64 million to € 108 million year-on-year. This rise was largely due to valuation gains on securities from the fair value portfolio. In Ukraine in particular, net income from the valuation and partial repayment of fixed-income government bonds improved € 83 million year-on-year, while net proceeds from sales of equity participations were down € 21 million.

Tax income of € 5 million was booked in the reporting period after a tax expense of € 32 million had been reported in the prior-year period. This was largely due to the activation of tax loss carry-forwards in Ukraine.

Detailed results of individual countries:

Belarus

in € million	1/1-30/9 2014	1/1-30/9 2013	Change	Q3/2014	Q2/2014	Change
Net interest income	86	65	32.4%	33	28	18.4%
Net fee and commission income	51	47	9.3%	20	16	23.6%
Net trading income	(6)	(1)	>500.0%	(5)	(1)	329.5%
Sundry net operating income	0	(1)	(60.1)%	0	0	17.0%
Operating income	130	109	18.7%	47	42	11.6%
General administrative expenses	(63)	(55)	14.7%	(23)	(21)	13.5%
Operating result	67	55	22.6%	24	22	9.8%
Net provisioning for impairment losses	(4)	0	>500.0%	(1)	(2)	(38.3)%
Other results	2	0	-	2	0	>500.0%
Profit before tax	66	54	20.9%	25	20	26.6%
Income taxes	(17)	(12)	43.2%	(6)	(6)	(6.3)%
Profit after tax	49	43	14.8%	19	13	41.7%
Assets	1,643	1,450	13.3%	1,643	1,490	10.3%
Loans and advances to customers	1,047	1,013	3.4%	1,047	971	7.9%
hereof corporate %	70.9%	73.9%	(3.0) PP	70.9%	71.7%	(0.8) PP
hereof retail %	29.1%	26.1%	3.0 PP	29.1%	28.3%	0.8 PP
hereof foreign currency %	73.3%	70.6%	2.7 PP	73.3%	72.8%	0.5 PP
Deposits from customers	989	857	15.4%	989	852	16.1%
Loan/deposit ratio	105.9%	118.2%	(12.3) PP	105.9%	113.9%	(8.0) PP
Equity	327	246	33.0%	327	292	12.1%
Return on equity before tax	33.6%	37.1%	(3.5) PP	36.5%	30.3%	6.2 PP
Return on equity after tax	25.1%	29.2%	(4.1) PP	28.0%	20.8%	7.3 PP
Cost/income ratio	48.2%	49.9%	(1.6) PP	49.2%	48.4%	0.8 PP
Net interest margin (average interest-bearing assets)	8.30%	6.56%	1.74 PP	9.09%	8.07%	1.02 PP
Employees as at reporting date	2,162	2,228	(3.0)%	2,162	2,152	0.5%
Business outlets	96	100	(4.0)%	96	96	0.0%
Customers	740,085	707,229	4.6%	740,085	734,542	0.8%

Ukraine

in € million	1/1-30/9 2014	1/1-30/9 2013	Change	Q3/2014	Q2/2014	Change
Net interest income	213	241	(11.7)%	60	68	(11.4)%
Net fee and commission income	97	109	(10.9)%	32	32	(1.7)%
Net trading income	(59)	9	-	(15)	(3)	418.5%
Sundry net operating income	(12)	(3)	293.4%	(5)	(6)	(16.4)%
Operating income	239	356	(32.8)%	71	91	(21.6)%
General administrative expenses	(178)	(213)	(16.5)%	(73)	(47)	56.9%
Operating result	61	142	(57.2)%	(2)	44	-
Net provisioning for impairment losses	(327)	(95)	244.9%	(143)	(92)	56.2%
Other results	106	44	142.6%	28	34	(16.1)%
Profit/loss before tax	(160)	91	-	(116)	(13)	>500.0%
Income taxes	21	(20)	-	12	3	290.9%
Profit/loss after tax	(138)	72	-	(105)	(10)	>500.0%
Assets	2,894	4,495	(35.6)%	2,894	3,044	(4.9)%
Loans and advances to customers	2,890	3,619	(20.1)%	2,890	2,873	0.6%
hereof corporate %	54.2%	54.0%	0.2 PP	54.2%	53.9%	0.3 PP
hereof retail %	45.5%	46.0%	(0.5) PP	45.5%	45.8%	(0.3) PP
hereof foreign currency %	55.4%	48.0%	7.5 PP	55.4%	55.7%	(0.3) PP
Deposits from customers	1,649	2,652	(37.8)%	1,649	1,622	1.7%
Loan/deposit ratio	175.3%	136.5%	38.9 PP	175.3%	177.2%	(1.9) PP
Equity	405	867	(53.3)%	405	513	(21.0)%
Return on equity before tax	-	15.3%	-	-	-	-
Return on equity after tax	-	12.0%	-	-	-	-
Cost/income ratio	74.5%	59.9%	14.5 PP	102.4%	51.2%	51.2 PP
Net interest margin (average interest-bearing assets)	9.29%	7.51%	1.78 PP	9.04%	9.47%	(0.43) PP
Employees as at reporting date	12,199	13,324	(8.4)%	12,199	12,398	(1.6)%
Business outlets	670	818	(18.1)%	670	713	(6.0)%
Customers	2,859,750	3,084,830	(7.3)%	2,859,750	2,962,732	(3.5)%

Group Corporates

in € million	1/1-30/9 2014	1/1-30/9 2013	Change	Q3/2014	Q2/2014	Change
Operating income	486	468	3.6%	166	157	5.7%
General administrative expenses	(142)	(142)	0.0%	(48)	(48)	0.3%
Operating result	343	326	5.2%	118	109	8.1%
Net provisioning for impairment losses	(281)	(208)	35.3%	(236)	(11)	>500.0%
Other results	(3)	(2)	89.0%	(1)	(1)	86.5%
Profit/loss before tax	59	117	(49.3)%	(119)	97	-
Assets	21,088	21,667	(2.7)%	21,088	20,596	2.4%
Net interest margin (average interest-bearing assets)	2.43%	2.32%	0.11 PP	2.51%	2.41%	0.10 PP
Return on equity before tax	4.0%	8.6%	(4.6) PP	-	18.9%	-

Operating income

The segment's net interest income rose 7 per cent to € 379 million year-on-year. This was particularly due to an increase in net interest income resulting from higher margins in Group head office's Profit Center Corporate Customers (Austrian and multinational corporate customers serviced from Vienna). The net interest margin for the segment climbed 11 basis points to 2.43 per cent. Total assets fell 3 per cent to € 21,088 million year-on-year, while credit risk-weighted assets decreased 1 per cent to € 13,400 million.

Net fee and commission income fell € 17 million to € 101 million year-on-year. Declines were posted at Group head office and in the business outlets in Asia and the USA. These were attributable to lower fee and commission income from bond issues as well as from real estate, export and investment financing; whereas project financing business generated higher fee and commission income.

The segment's net trading income rose from minus € 4 million in the comparable period of the previous year to plus € 6 million in the reporting period. This was mainly due to an increase in net income from interest-based derivatives, particularly at Group head office.

General administrative expenses

The segment's general administrative expenses remained stable at € 142 million compared to the same period of the previous year. At the end of the reporting period the segment consisted of 8 business outlets. The cost/income ratio improved 1.1 percentage points to 29.3 per cent.

Net provisioning for impairment losses

Net provisioning for impairment losses increased € 73 million to € 281 million year-on-year. This was mainly attributable to individual loans to large corporate customers at Group head office and in Asia. The share of non-bank non-performing loans in the loan portfolio for the segment rose 3.2 percentage points year-on-year to 8.6 per cent.

Other results and taxes

Other results in the segment decreased € 2 million to minus € 3 million, as the bank levy was allocated to the individual segments for the first time in the reporting year.

Income tax expense rose € 4 million to € 30 million and was largely due to earnings in Austria.

Group Markets

in € million	1/1-30/9 2014	1/1-30/9 2013	Change	Q3/2014	Q2/2014	Change
Operating income	275	281	(2.2)%	99	93	5.8%
General administrative expenses	(188)	(193)	(2.2)%	(60)	(64)	(5.5)%
Operating result	87	89	(2.1)%	38	29	30.4%
Net provisioning for impairment losses	3	7	(56.7)%	1	0	-
Other results	(6)	13	-	(2)	(1)	151.4%
Profit before tax	84	108	(22.5)%	38	28	33.6%
Assets	19,751	20,778	(4.9)%	19,751	18,351	7.6%
Net interest margin (average interest-bearing assets)	0.98%	0.72%	0.26 PP	0.95%	0.96%	(0.01) PP
Return on equity before tax	20.1%	22.1%	(2.0) PP	27.6%	15.9%	11.8 PP

Operating income

Net interest income in the Group Markets segment decreased a mere 1 per cent to € 107 million year-on-year. The increase in the net interest margin of 26 basis points to 0.98 per cent was attributable to a partial reclassification of new business from the trading book to the banking book. Total assets fell 5 per cent to € 19,751 million year-on-year, while credit risk-weighted assets decreased 2 per cent to € 3,547 million.

The segment's net fee and commission income decreased 4 per cent to € 83 million year-on-year due to lower sales.

Net trading income in the segment declined slightly by € 1 million, or 1 per cent, to € 70 million. The decrease in equity and index-based transactions was practically offset by improved interest-based transactions.

General administrative expenses

The Group Markets segment's general administrative expenses fell € 4 million, or 2 per cent, to € 188 million year-on-year due to lower depreciation of intangible assets. The cost/income ratio remained unchanged year-on-year at 68.4 per cent.

Net provisioning for impairment losses

An individual loan loss provision of € 3 million was released in the reporting period. Non-performing loans accounted for 1.9 per cent of the segment's total credit exposure.

Other results and taxes

Other results in the segment fell from plus € 13 million to minus € 6 million year-on-year. This was mainly attributable to the valuation result of securities and derivative financial instruments which declined € 15 million to minus € 2 million due to interest rate developments. The bank levy had a negative impact of € 5 million on net income, whereas this was significantly lower than the € 1 million that was reported in the comparable period of the previous year.

Income tax expense decreased € 4 million to € 16 million, while the tax rate rose slightly to 20 per cent.

Corporate Center

in € million	1/1-30/9 2014	1/1-30/9 2013	Change	Q3/2014	Q2/2014	Change
Operating income	1,001	726	37.9%	251	623	(59.7)%
General administrative expenses	(226)	(242)	(6.6)%	(73)	(74)	(1.6)%
Operating result	775	484	60.2%	179	549	(67.5)%
Net provisioning for impairment losses	(4)	(5)	(27.9)%	2	3	(24.4)%
Other results	(767)	(381)	101.4%	(440)	(40)	>500.0%
Profit/loss before tax	5	98	(95.0)%	(259)	512	-
Assets	35,599	34,496	3.2%	35,599	32,703	8.9%
Net interest margin (average interest-bearing assets)	-	-	-	-	-	-
Return on equity before tax	0.2%	5.7%	(5.4) PP	-	73.5%	-

Operating income

Net interest income in the Corporate Center segment rose € 293 million to € 944 million year-on-year. This increase was particularly due to higher intra-Group dividend income and lower funding costs resulting from the optimization of RBI's refinancing structure. Besides income from the predominantly short-term investment of free liquidity, interest expenses of € 54 million (comparable 2013 period: € 41 million) for the subordinated capital of RBI AG are also reported in this segment. The segment's total assets rose 3 per cent to € 35,599 million year-on-year, while credit risk-weighted assets increased 12 per cent to € 18,069 million.

Net fee and commission income improved significantly from minus € 17 million to minus € 7 million year-on-year due especially to higher fee and commission income from the acceptance of guarantees.

Net trading income in the segment fell € 29 million to minus € 31 million year-on-year. This was mainly attributable to valuation losses from open foreign currency positions. Sundry net operating income improved € 1 million to € 95 million. The majority of the income comes from intra-Group service charges.

General administrative expenses

The segment's general administrative expenses declined € 16 million to € 226 million year-on-year due to a fall in intra-Group charges of the Zuno Group and reduced depreciation at 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. In the 2014 reporting period net provisioning for impairment losses for corporate customers at Group head office amounted to € 4 million.

Other results and taxes

Other results in the segment fell from minus € 381 million to minus € 767 million year-on-year. In particular, the partial write-down of the participation in Raiffeisen Bank Aval JSC, Kiev, had a negative impact of € 716 million on the segment's net income. However, this impairment is not recognized profit or loss for the Group. In contrast, net income from derivatives and liabilities developed positively, improving by € 301 million to € 54 million. This was attributable to net income from liabilities designated at fair value, in which valuations for credit spreads increased € 258 million to € 119 million.

The Austrian bank levy had a negative effect of € 58 million on the segment's net income. Furthermore, net income from disposal of Group assets resulting from the deconsolidation (sale) of commodity trading group F.J. Elsner, Vienna, amounted to minus € 11 million.

Tax expense amounted to € 14 million, compared to the same period of the previous year which posted tax income of € 45 million. This was primarily attributable to the valuation results reported in this segment, particularly in relation to liabilities designated at fair value.

Interim consolidated financial statements

(Interim report as at 30 September 2014)

Statement of comprehensive income

Income statement

in € million	Notes	1/1-30/9/2014	1/1-30/9/2013	Change
Interest income		4,306	4,564	(5.6)%
Interest expenses		(1,412)	(1,787)	(21.0)%
Net interest income	[2]	2,894	2,776	4.2%
Net provisioning for impairment losses	[3]	(1,083)	(800)	35.4%
Net interest income after provisioning		1,811	1,977	(8.4)%
Fee and commission income		1,477	1,484	(0.4)%
Fee and commission expense		(308)	(281)	9.8%
Net fee and commission income	[4]	1,168	1,203	(2.8)%
Net trading income	[5]	38	240	(84.0)%
Net income from derivatives and liabilities	[6]	60	(243)	-
Net income from financial investments	[7]	101	73	38.5%
General administrative expenses	[8]	(2,295)	(2,430)	(5.5)%
Other net operating income	[9]	(372)	(117)	217.0%
Net income from disposal of group assets		(10)	(6)	50.5%
Profit before tax		502	696	(27.9)%
Income taxes	[10]	(243)	(236)	3.1%
Profit after tax		259	461	(43.7)%
Profit attributable to non-controlling interests		(34)	(50)	(31.6)%
Consolidated profit		225	411	(45.2)%

Earnings per share

in €	1/1-30/9/2014	1/1-30/9/2013	Change
Earnings per share	0.42	1.34	(0.92)

Earnings per share are obtained by dividing consolidated profit less dividend for participation capital by the average number of ordinary shares outstanding. As at 30 September 2014, the number of average ordinary shares outstanding was 282.7 million (30 September 2013: 194.9 million). As there were no conversion rights or options outstanding, a dilution of earnings per share did not occur.

Other comprehensive income and total comprehensive income

in € million	Total		Group equity		Non-controlling interests	
	1/1-30/9 2014	1/1-30/9 2013	1/1-30/9 2014	1/1-30/9 2013	1/1-30/9 2014	1/1-30/9 2013
Profit after tax	259	461	225	411	34	50
Items which are not reclassified to profit and loss	0	1	0	1	0	0
Remeasurements of defined benefit plans	1	1	1	1	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	(522)	(359)	(514)	(354)	(8)	(5)
Exchange differences	(571)	(337)	(559)	(329)	(12)	(8)
hereof unrealized net gains (losses) of the period	(571)	(337)	(559)	(329)	(12)	(8)
hereof net gains (losses) reclassified to income statement	0	0	0	0	0	0
Capital hedge	2	3	2	3	0	0
Hyperinflation	35	20	31	18	4	2
Net gains (losses) on derivatives hedging fluctuating cash flows	(3)	(19)	(3)	(19)	0	0
hereof unrealized net gains (losses) of the period	(3)	(19)	(3)	(19)	0	0
hereof net gains (losses) reclassified to income statement	0	0	0	0	0	0
Changes in equity of companies valued at equity	0	0	0	0	0	0
Net gains (losses) on financial assets available-for-sale	19	(34)	19	(34)	0	0
hereof unrealized net gains (losses) of the period	19	1	19	1	0	0
hereof net gains (losses) reclassified to income statement	0	(35)	0	(34)	0	0
Deferred taxes on income and expenses directly recognized in equity	(4)	7	(4)	7	0	0
hereof unrealized net gains (losses) of the period	(4)	2	(4)	2	0	0
hereof net gains (losses) reclassified to income statement	0	5	0	5	0	0
Sundry income and expenses directly recognized in equity	0	0	0	0	0	0
Other comprehensive income	(522)	(358)	(514)	(353)	(8)	(5)
Total comprehensive income	(263)	102	(289)	58	26	44

Quarterly results

in € million	Q4/2013	Q1/2014	Q2/2014	Q3/2014
Net interest income	953	979	975	940
Net provisioning for impairment losses	(350)	(281)	(287)	(515)
Net interest income after provisioning	603	697	688	425
Net fee and commission income	424	376	389	404
Net trading income	81	(19)	28	30
Net income from derivatives and liabilities	(14)	(27)	(15)	103
Net income from financial investments	(15)	37	42	23
General administrative expenses	(910)	(755)	(764)	(776)
Other net operating income	(30)	(57)	(90)	(225)
Net income from disposal of group assets	0	(11)	0	1
Profit/loss before tax	138	240	278	(16)
Income taxes	4	(67)	(79)	(96)
Profit/loss before tax	142	173	198	(112)
Profit attributable to non-controlling interests	4	(12)	(15)	(7)
Consolidated profit/loss	146	161	183	(119)

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	(922)	(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	(78)	251	216	229
Income taxes ¹	(59)	(77)	(79)	(80)
Profit/loss after tax	(137)	174	137	149
Profit attributable to non-controlling interests	24	(17)	(17)	(15)
Consolidated profit/loss	(113)	157	120	134

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

Statement of financial position

Assets in € million	Notes	30/9/2014	31/12/2013	Change
Cash reserve		5,094	6,674	(23.7)%
Loans and advances to banks	[12, 36]	22,353	22,243	0.5%
Loans and advances to customers	[13, 36]	82,550	80,635	2.4%
Impairment losses on loans and advances	[14]	(6,132)	(5,605)	9.4%
Trading assets	[15, 36]	8,271	7,581	9.1%
Derivatives	[16, 36]	1,231	982	25.3%
Financial investments	[17, 36]	14,169	13,483	5.1%
Investments in associates	[36]	0	5	-
Intangible fixed assets	[18]	1,144	1,249	(8.4)%
Tangible fixed assets	[19]	1,572	1,595	(1.4)%
Other assets	[20, 36]	1,763	1,799	(2.0)%
Total assets		132,016	130,640	1.1%

Equity and liabilities in € million	Notes	30/9/2014	31/12/2013	Change
Deposits from banks	[21, 36]	30,771	30,105	2.2%
Deposits from customers	[22, 36]	67,824	66,437	2.1%
Debt securities issued	[23]	10,098	11,533	(12.4)%
Provisions for liabilities and charges	[24, 36]	980	733	33.7%
Trading liabilities	[25, 36]	6,344	5,204	21.9%
Derivatives	[26, 36]	698	384	81.6%
Other liabilities	[27, 36]	1,517	1,753	(13.5)%
Subordinated capital	[28, 36]	3,966	4,128	(3.9)%
Equity	[29]	9,819	10,364	(5.3)%
Consolidated equity		9,097	9,322	(2.4)%
Consolidated profit		225	557	(59.6)%
Non-controlling interests		498	485	2.6%
Total equity and liabilities		132,016	130,640	1.1%

Statement of changes in equity

in € million	Subscribed capital	Participation capital	Capital reserves	Retained earnings	Consolidated profit	Non-controlling interests	Total
Equity as at 1/1/2014	595	2,500	2,575	3,652	557	485	10,364
Capital increases/decreases	297	(2,500)	2,429	0	0	9	235
Transferred to retained earnings	0	0	0	59	(59)	0	0
Dividend payments	0	0	0	0	(498)	(42)	(541)
Total comprehensive income	0	0	0	(514)	225	26	(263)
Own shares/share incentive program	0	0	(5)	5	0	0	0
Other changes	0	0	(6)	10	0	20	24
Equity as at 30/9/2014	892	0	4,994	3,211	225	498	9,819

in € million	Subscribed capital	Participation capital	Capital reserves	Retained earnings	Consolidated profit	Non-controlling interests	Total
Equity as at 1/1/2013¹	595	2,500	2,574	3,755	730	719	10,873
Capital increases/decreases	0	0	0	0	0	9	9
Transferred to retained earnings	0	0	0	303	(303)	0	0
Dividend payments	0	0	0	0	(428)	(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)	(146)
Equity as at 30/9/2013	595	2,500	2,574	3,774	411	501	10,354

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

Statement of cash flows

in € million	1/1-30/9/2014	1/1-30/9/2013
Cash and cash equivalents at the end of previous period	6,674	6,557
Net cash from operating activities	(457)	(154)
Net cash from investing activities	(1,081)	(93)
Net cash from financing activities	483	(864)
Effect of exchange rate changes	(524)	(173)
Cash and cash equivalents at the end of period	5,094	5,273

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 elimination of intra-group results and consolidation between the segments.

The following segments result thereof:

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

Following signals from the Ukrainian government that they intend to leave CIS, the “CIS Other” segment was renamed “CEE Other”.

1/1-30/9/2014 in € million	Central Europe	Southeastern Europe	Russia	CEE Other	Group Corporates
Net interest income	779	628	635	300	379
Net fee and commission income	396	269	214	148	101
Net trading income	14	45	(10)	(65)	6
Sundry net operating income	(4)	32	8	(13)	0
Operating income	1,185	973	848	370	486
General administrative expenses	(725)	(500)	(368)	(241)	(142)
Operating result	460	473	480	129	343
Net provisioning for impairment losses	(176)	(177)	(117)	(330)	(281)
Other results	(332)	4	4	108	(3)
Profit/loss before tax	(47)	300	367	(93)	59
Income taxes	(65)	(45)	(77)	5	(30)
Profit/loss after tax	(113)	255	289	(88)	29
Profit attributable to non-controlling interests	(32)	(1)	1	0	0
Profit/Loss after non-controlling interests	(145)	255	291	(88)	29
Risk-weighted assets (credit risk)	20,010	12,352	9,487	4,792	13,472
Risk-weighted assets (total)	23,492	14,882	11,466	5,664	14,299
Total capital requirement	1,879	1,191	917	453	1,144
Assets	39,808	21,350	14,683	4,564	21,088
Liabilities	36,245	18,316	12,712	3,828	17,146
Net interest margin (average interest-bearing assets)	2.84%	4.30%	5.87%	8.97%	2.43%
NPL ratio	11.5%	14.2%	5.6%	29.3%	8.6%
NPL coverage ratio	67.4%	63.7%	74.4%	82.6%	49.6%
Cost/income ratio	61.2%	51.4%	43.4%	65.1%	29.3%
Provisioning ratio (average loans and advances to customers)	0.81%	1.71%	1.54%	10.80%	1.82%
Average equity	3,461	2,183	1,638	810	1,961
Return on equity before tax	-	18.3%	29.8%	-	4.0%
Business outlets	812	1,095	206	767	8

1/1-30/9/2014 in € million	Group Markets	Corporate Center	Reconciliation	Total
Net interest income	107	944	(878)	2,894
Net fee and commission income	83	(7)	(37)	1,168
Net trading income	70	(31)	10	38
Sundry net operating income	15	95	(98)	36
Operating income	275	1,001	(1,002)	4,137
General administrative expenses	(188)	(226)	96	(2,295)
Operating result	87	775	(905)	1,842
Net provisioning for impairment losses	3	(4)	(1)	(1,083)
Other results	(6)	(767)	735	(257)
Profit before tax	84	5	(172)	502
Income taxes	(16)	(14)	0	(243)
Profit/loss after tax	67	(9)	(172)	259
Profit attributable to non-controlling interests	0	7	(9)	(34)
Profit/Loss after non-controlling interests	67	(2)	(180)	225
Risk-weighted assets (credit risk)	3,550	18,182	(16,326)	65,520
Risk-weighted assets (total)	4,292	20,205	(14,898)	79,402
Total capital requirement	343	1,616	(1,192)	6,352
Assets	19,751	35,599	(24,827)	132,016
Liabilities	19,911	29,067	(15,029)	122,196
Net interest margin (average interest-bearing assets)	0.98%	-	-	3.29%
NPL ratio	8.1%	12.5%	-	11.1%
NPL coverage ratio	73.7%	30.1%	-	65.4%
Cost/income ratio	68.4%	22.6%	-	55.5%
Provisioning ratio (average loans and advances to customers)	(0.13)%	-	-	1.79%
Average equity	554	2,734	(1,919)	11,422
Return on equity before tax	20.1%	0.2%	-	5.8%
Business outlets	5	1	-	2,894

1/1-30/9/2013 in € million	Central Europe	Southeastern Europe	Russia	CEE 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)
Sundry 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
Risk-weighted assets (credit risk)	21,175	12,833	10,226	5,229	13,510
Risk-weighted assets (total)	24,757	15,546	12,263	6,342	14,294
Total capital 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
Sundry 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
Risk-weighted assets (credit risk)	3,610	16,129	(14,581)	68,132
Risk-weighted assets (total)	5,237	17,217	(12,949)	82,706
Total capital 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

Notes

Principles underlying the consolidated financial statements

Principles of preparation

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 at 30 September 2014 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.

The interim report as at 30 September 2014 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).

The same recognition and measurement principles and consolidation methods were fundamentally applied in the interim reporting, as those used in preparing the consolidated financial statements 2013 (see Annual Report 2013, page 116 ff). Standards and interpretations to be applied in the EU from 1 January 2014 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

All those accounting standards described below, are of relevance for the Group and were applied for the preparation of the condensed consolidated interim financial statements as at 30 September 2014.

IFRS 10 replaces the parts of IAS 27 (Consolidated and Separate Financial Statements) that deal with consolidated financial statements. SIC-12 (Consolidation – Special Purpose Entities) will be replaced by IFRS 10. In IFRS 10, there is only one basis for consolidation, namely control. Under IFRS 10, control exists if an investor has all three of the following elements: (a) controlling influence over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's return. Extensive guidance has been added in the standard to deal with complex scenarios.

Due to the first-time application of IFRS 10, the structured company Compass Variety Funding Limited, Dublin (IE), was fully consolidated for the first time, due to the fact that RBI has control over specified assets (leasing claims) according to IFRS 10.B76-IFRS10.B79, which are separated from the general participation entity. Due to the initial consolidation of the structured company, refinancing gathered via the structured entity of € 28.3 million as at reporting date (31 December 2013: € 66.8 million) was shown under deposits from banks.

IFRS 11 replaces IAS 31 (Interests in Joint Ventures) and SIC-13 (Jointly Controlled Entities – Non-Monetary Contributions by Ventures). From 1 January 2014 onward, IFRS 11 deals with how a joint arrangement should be classified. Joint arrangements are classified as a contractual agreement in which two or more parties practice joint management. Joint management can extend to a joint venture or a joint operation. In contrast to IAS 31, accounting for jointly controlled assets is no longer addressed separately in IFRS 11; the rules for joint ventures are applied. The classification of a joint arrangement as joint operation or joint venture depends on the rights and obligations of the parties to the agreement. In addition, joint ventures under IFRS 11 must be accounted for using the equity method, whereas jointly controlled entities under IAS 31 can be accounted for using proportionate consolidation or the equity method. The first-time application of the revised version of IFRS 11 has no impact on the consolidated financial statements.

IFRS 12 is a disclosure standard regarding statements in the notes. From 1 January 2014 onward, it is applicable to entities that have interests in subsidiaries, joint arrangements (joint ventures or joint operations), associates and/or unconsolidated structured entities. In general, the disclosure requirements in IFRS 12 are far more extensive than those in the current standards. The first-time application of the revised version of IFRS 12 will lead to additional statements in the notes at year-end 2014, but has no accounting impact on the consolidated financial statements of RBI.

The amendment of IFRS 10, IFRS 11 and IAS 27 provide an exception to the consolidation requirements of subsidiaries in IFRS 10 (Consolidated Financial Statements) as of 1 January 2014. This applies if the parent company meets the definition of an "investment company" (for example, certain mutual funds). These entities measure their investments in particular subsidiaries at fair value through profit and loss in accordance with IFRS 9 (Financial Instruments) or IAS 39 (Financial Instruments: Recognition and Measurement). These amendments have no impact on the consolidated financial statements of RBI. Additionally, the transition guidance in IFRS 10, IFRS 11 and IFRS 12 was clarified and reliefs were provided in all three standards. Adjusted comparative information

is only required for the preceding comparable period. Moreover, in connection with the disclosure in the notes on non-consolidated structured entities, there is no obligation to provide comparative information for periods that precede the first-time application of IAS 12.

From 1 January 2014 onward, joint ventures are added to the scope of the revised IAS 28, as under IFRS 11, joint ventures may only be included in the consolidated financial statements according to the equity method, which is the only allowable method. The first-time application of the revised version of IAS 28 has no impact on the consolidated financial statements.

The amendments made to IAS 32 clarify existing application issues relating to the offsetting of financial assets and financial liabilities. Specifically, the amendments clarify the meaning of "currently has a legally enforceable right to set off" and "simultaneous realization and settlement". The first-time application of the revised version of IAS 32 as at 1 January 2014 has no impact on the consolidated financial statements.

From 1 January 2014 on, the amendments of IAS 36 involve a correction of the disclosure rules that were changed, more extensively than originally intended, in connection with IFRS 13. These relate to impaired assets in which the recoverable amount is equivalent to fair value less costs of disposal. At present, the recoverable amount must be disclosed regardless of impairment. The correction now restricts the disclosure to actual impairments, but extends the disclosures to be made in such cases. These changes – apart from the possible need to make additional disclosures – will have no influence on the consolidated financial statements.

From 1 January 2014 onward, as a result of the amendments of IAS 39 derivatives remain designated as hedging instruments in existing hedging relationships despite novation. Novation refers to cases in which the original parties to a derivatives contract agree that a central counterparty shall replace their original counterparty to become the counterparty to each of the original parties. The fundamental requirement is that the use of a central counterparty is required by law or regulation. Moreover, changes to contractual arrangements must be limited to those that are necessary for novation. The objective of the amendments is to avoid any impact on hedge accounting as a consequence of the write-off of the derivative on the conversion of the contract to a central counterparty. The changes have no material impact on the consolidated financial statements.

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 €	2014		2013	
	As at 30/9	Average 1/1-30/9	As at 31/12	Average 1/1-30/9
Albanian lek (ALL)	139.890	139.960	140.200	140.242
Belarusian rouble (BYR)	13,420.000	13,558.000	13,080.000	11,537.000
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)	7.643	7.624	7.627	7.561
Czech koruna (CZK)	27.500	27.489	27.427	25.693
Hungarian forint (HUF)	310.570	308.622	297.040	297.447
Kazakh tenge (KZT)	230.560	239.227	211.170	199.945
Malaysian Ringgit (MYR)	4.131	4.393	4.522	4.149
Polish zloty (PLN)	4.178	4.181	4.154	4.210
Romanian leu (RON)	4.410	4.441	4.471	4.408
Russian rouble (RUB)	49.765	48.098	45.325	41.752
Serbian dinar (RSD)	118.851	116.244	114.642	112.795
Singapore dollar (SGD)	1.606	1.703	1.741	1.648
Turkish lira (TRY)	2.878	2.932	2.961	2.474
Ukrainian hryvnia (UAH)	16.447	14.907	11.042	10.534
US-Dollar (USD)	1.258	1.352	1.379	1.319

Consolidated group

Number of units	Fully consolidated		Equity method	
	30/9/2014	31/12/2013	30/9/2014	31/12/2013
As at beginning of period	143	137	1	1
Included for the first time in the financial period	8	14	0	0
Merged in the financial period	0	(1)	0	0
Excluded in the financial period	(18)	(7)	(1)	0
As at end of period	133	143	0	1

Eight companies are integrated in the Group for the first time, three are special financing companies from leasing business and five are from investment business. Twelve entities were excluded due to immateriality and one due to bankruptcy. Further five entities were sold.

Changes in consolidated group

in € million	ELSNER-Group	RBMT	Others	Total
Assets	70	103	78	251
Liabilities	58	1	78	137
Total identifiable net assets	12	102	(1)	114
Non-controlling interests	0	0	0	0
Net assets after non-controlling interests	12	102	(1)	114
Goodwill	0	0	0	0
Goodwill/Badwill from exchange differences	0	0	0	0
Selling price/carrying amount	1	103	0	105
Net income from disposal of group assets	(11)	1	1	(10)

ELSNER-Group: Commodity trading group F.J. Elsner, Vienna
 RBMT: Raiffeisen Malta Bank plc, Sliema

Notes to the income statement

(1) Income statement according to measurement categories

in € million	1/1-30/9/2014	1/1-30/9/2013
Net income from financial assets and liabilities held-for-trading	345	142
Net income from financial assets and liabilities at fair value through profit or loss	250	296
Net income from financial assets available-for-sale	14	44
Net income from loans and advances	2,572	3,040
Net income from financial assets held-to-maturity	126	142
Net income from financial liabilities measured at acquisition cost	(1,411)	(1,786)
Net income from derivatives (hedging)	104	25
Net revaluations from exchange differences	9	145
Other operating income/expenses	(1,508)	(1,351)
Total profit before tax from continuing operations	502	696

(2) Net interest income

in € million	1/1-30/9/2014	1/1-30/9/2013
Interest and interest-like income, total	4,306	4,564
Interest income	4,267	4,535
from balances at central banks	26	30
from loans and advances to banks	169	167
from loans and advances to customers	3,299	3,486
from financial investments	315	407
from leasing claims	139	143
from derivative financial instruments (non-trading), net	319	302
Current income	17	13
Interest-like income	22	16
Current income from associates	0	0
Interest expenses and interest-like expenses, total	(1,412)	(1,787)
Interest expenses	(1,370)	(1,757)
on deposits from central banks	(7)	(1)
on deposits from banks	(268)	(307)
on deposits from customers	(750)	(1,029)
on debt securities issued	(189)	(279)
on subordinated capital	(156)	(142)
Interest-like expenses	(42)	(30)
Total	2,894	2,776

(3) Net provisioning for impairment losses

in € million	1/1-30/9/2014	1/1-30/9/2013
Individual loan loss provisions	(1,054)	(781)
Allocation to provisions for impairment losses	(1,474)	(1,274)
Release of provisions for impairment losses	444	507
Direct write-downs	(72)	(79)
Income received on written-down claims	48	65
Portfolio-based loan loss provisions	(32)	(28)
Allocation to provisions for impairment losses	(254)	(274)
Release of provisions for impairment losses	222	246
Gains from loan termination or sale	3	10
Total	(1,083)	(800)

(4) Net fee and commission income

in € million	1/1-30/9/2014	1/1-30/9/2013
Payment transfer business	538	539
Loan and guarantee business	160	182
Securities business	93	109
Foreign currency, notes/coins, and precious metals business	278	263
Management of investment and pension funds	25	24
Sale of own and third party products	36	34
Other banking services	39	52
Total	1,168	1,203

(5) Net trading income

in € million	1/1-30/9/2014	1/1-30/9/2013
Interest-based transactions	107	15
Currency-based transactions	(68)	198
Equity-/index-based transactions	41	23
Credit derivatives business	0	(1)
Other transactions	(42)	5
Total	38	240

The refinancing expenses for trading assets that are included in net trading income amounted to € 37 million (comparable period: € 42 million).

(6) Income from derivatives and liabilities

in € million	1/1-30/9/2014	1/1-30/9/2013
Net income from hedge accounting	8	(8)
Net income from credit derivatives	0	1
Net income from other derivatives	93	(225)
Net income from liabilities designated at fair value	(42)	(12)
Income from repurchase of liabilities	1	0
Total	60	(243)

(7) Net income from financial investments

in € million	1/1-30/9/2014	1/1-30/9/2013
Net income from securities held-to-maturity	3	1
Net valuations of securities	0	0
Net proceeds from sales of securities	3	1
Net income from equity participations	(3)	32
Net valuations of equity participations	(6)	(18)
Net proceeds from sales of equity participations	3	49
Net income from securities at fair value through profit and loss	100	40
Net valuations of securities	67	22
Net proceeds from sales of securities	33	18
Net income from available-for-sale securities	2	0
Total	101	73

(8) General administrative expenses

in € million	1/1-30/9/2014	1/1-30/9/2013
Staff expenses	(1,149)	(1,227)
Other administrative expenses	(874)	(920)
Depreciation of tangible and intangible fixed assets	(273)	(283)
Total	(2,295)	(2,430)

(9) Other net operating income

in € million	1/1-30/9/2014	1/1-30/9/2013
Net income arising from non-banking activities	19	25
Sales revenues from non-banking activities	276	503
Expenses arising from non-banking activities	(257)	(479)
Net income from additional leasing services	(3)	(1)
Revenues from additional leasing services	43	54
Expenses from additional leasing services	(46)	(55)
Rental income from operating lease (vehicles and equipment)	24	24
Rental income from investment property incl. operating lease (real estate)	34	25
Net proceeds from disposal of tangible and intangible fixed assets	6	(7)
Other taxes	(199)	(208)
hereof bank levies	(137)	(163)
Impairment of goodwill	0	(3)
Net expense from allocation and release of other provisions	(12)	10
Sundry operating income	60	45
Sundry operating expenses	(306)	(28)
Total	(372)	(117)

(10) Income taxes

in € million	1/1-30/9/2014	1/1-30/9/2013
Current income taxes	(223)	(262)
Austria	(63)	(21)
Foreign	(160)	(241)
Deferred taxes	(20)	26
Total	(243)	(236)

Notes to the statement of financial position**(11) Statement of financial position according to measurement categories**

Assets according to measurement categories in € million	30/9/2014	31/12/2013
Cash reserve	5,094	6,674
Trading assets	8,637	7,990
Financial assets at fair value through profit or loss	6,647	8,440
Investments in associates	0	5
Financial assets available-for-sale	2,305	823
Loans and advances	100,535	99,071
Financial assets held-to-maturity	5,217	4,220
Derivatives (hedging)	864	573
Other assets	2,716	2,843
Total assets	132,016	130,640

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 as well as non fixed-interest 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	30/9/2014	31/12/2013
Trading liabilities	6,887	5,456
Financial liabilities	111,575	111,342
Liabilities at fair value through profit and loss	2,599	2,612
Derivatives (hedging)	154	133
Provisions for liabilities and charges	980	733
Equity	9,819	10,364
Total equity and liabilities	132,016	130,640

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	30/9/2014	31/12/2013
Austria	7,233	8,297
Foreign	15,120	13,946
Total	22,353	22,243

Loans and advances to banks include € 5,666 million (31/12/2013: € 4,664 million) from repo transactions.

(13) Loans and advances to customers

Loans and advances to customers break down into asset classes as follows:

in € million	30/9/2014	31/12/2013
Sovereigns	1,511	1,648
Corporate customers - large corporates	51,382	49,320
Corporate customers - mid market	3,110	3,089
Retail customers - private individuals	23,705	23,756
Retail customers - small and medium-sized entities	2,842	2,822
Total	82,550	80,635

Loans and advances to customers include € 733 million (31/12/2013: € 1,323 million) from repo transactions.

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

in € million	30/9/2014	31/12/2013
Austria	7,798	7,224
Foreign	74,753	73,410
Total	82,550	80,635

(14) Impairment losses on loans and advances

Provisions for impairment losses are allocated to the following asset classes:

in € million	30/9/2014	31/12/2013
Banks	113	118
Sovereigns	1	6
Corporate customers - large corporates	3,439	2,837
Corporate customers - mid market	328	531
Retail customers - private individuals	1,922	1,777
Retail customers - small and medium-sized entities	328	337
Total	6,132	5,605

(15) Trading assets

in € million	30/9/2014	31/12/2013
Bonds, notes and other fixed-interest securities	3,631	3,954
Shares and other variable-yield securities	362	408
Positive fair values of derivative financial instruments	4,278	3,219
Total	8,271	7,581

(16) Derivatives

in € million	30/9/2014	31/12/2013
Positive fair values of derivatives in fair value hedges (IAS 39)	863	544
Positive fair values of derivatives in cash flow hedges (IAS 39)	1	6
Positive fair values of derivatives in net investment hedge (IAS 39)	0	23
Positive fair values of other derivatives	366	409
Total	1,231	982

(17) Financial investments

in € million	30/9/2014	31/12/2013
Bonds, notes and other fixed-interest securities	13,691	12,862
Shares and other variable-yield securities	29	150
Equity participations	449	470
Total	14,169	13,483

(18) Intangible fixed assets

in € million	30/9/2014	31/12/2013
Goodwill	517	544
Software	530	545
Other intangible fixed assets	97	159
Total	1,144	1,249

Brand

Group companies use brands to differentiate their services from the competition. According to IFRS 3, brands of acquired companies have been recognized separately under the item "intangible fixed assets". Brands have an indeterminable useful life and are therefore not subject to scheduled amortization. Brands are tested annually in the course of the impairment test of goodwill per cash generating unit and additionally whenever indications of impairment arise. Brand rights are only recognized for Raiffeisen Bank Aval JSC, Kiev (AVAL) and for Raiffeisen Bank Polska S.A., Warsaw (RBPL).

The carrying values of the brands as well as gross amounts and cumulative impairment losses have developed as shown below:

30/9/2014			
in € million	RBPL	AVAL	Total
As at 1/1	44.7	66.7	111.4
Additions	0.0	0.0	0.0
Impairment	0.0	(29.8)	(29.8)
Exchange differences	31.0	(19.2)	11.8
As at 30/9	47.9	17.7	65.6
Gross amount	47.9	44.8	92.7
Cumulative impairment	0.0	(27.1)	(27.1)

31/12/2013			
in € million	RBPL	AVAL	Total
As at 1/1	49.1	69.9	119.0
Additions	0.0	0.0	0.0
Impairment	0.0	0.0	0.0
Exchange differences	(4.4)	(3.2)	(7.6)
As at 31/12	44.7	66.7	111.4
Gross amount	44.7	66.7	111.4
Cumulative impairment	0.0	0.0	0.0

According to IAS 36.9 at the end of each reporting period, an entity is required to assess whether there is any indication that an asset may be impaired based on a list of external and internal indicators of impairment. In the third quarter due to the ongoing political and economic problems in Ukraine there were such indicators and the brand's recoverable amount was calculated to be below the carrying amount on the balance sheet of Raiffeisen Bank Aval. As a result it was necessary for Raiffeisen Bank Aval to take an impairment charge through the profit and loss statement of € 30 million. Furthermore intangible assets related to customer relationships were impaired by € 1 million.

(19) Tangible fixed assets

in € million	30/9/2014	31/12/2013
Land and buildings used by the Group for own purpose	651	712
Other land and buildings (investment property)	325	208
Office furniture, equipment and other tangible fixed assets	323	399
Leased assets (operating lease)	273	277
Total	1,572	1,595

(20) Other assets

in € million	30/9/2014	31/12/2013
Tax assets	530	601
Current tax assets	74	112
Deferred tax assets	456	489
Receivables arising from non-banking activities	73	93
Prepayments and other deferrals	262	232
Clearing claims from securities and payment transfer business	345	388
Lease in progress	31	80
Assets held for sale (IFRS 5)	53	56
Inventories	72	147
Valuation fair value hedge portfolio	28	16
Any other business	370	188
Total	1,763	1,799

(21) Deposits from banks

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

in € million	30/9/2014	31/12/2013
Austria	15,721	16,775
Foreign	15,050	13,330
Total	30,771	30,105

Deposits from banks include € 175 million (31/12/2013: € 1,220 million) from repo transactions.

(22) Deposits from customers

Deposits from customers break down as follows:

in € million	30/9/2014	31/12/2013
Sovereigns	1,620	820
Corporate customers - large corporates	31,540	31,439
Corporate customers - mid market	2,462	2,419
Retail customers - private individuals	27,219	27,059
Retail customers - small and medium-sized entities	4,221	4,280
Other	762	420
Total	67,824	66,437

Deposits from customers include € 45 million (31/12/2013: € 743 million) from repo transactions.

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

in € million	30/9/2014	31/12/2013
Austria	5,763	5,619
Foreign	62,060	60,818
Total	67,824	66,437

(23) Debt securities issued

in € million	30/9/2014	31/12/2013
Bonds and notes issued	9,786	11,061
Money market instruments issued	285	428
Other debt securities issued	27	44
Total	10,098	11,533

(24) Provisions for liabilities and charges

in € million	30/9/2014	31/12/2013
Severance payments and other	70	69
Retirement benefits	26	25
Taxes	114	93
Current	71	64
Deferred	44	29
Contingent liabilities and commitments	98	119
Pending legal issues	68	54
Overdue vacation	51	57
Bonus payments	212	231
Restructuring	7	9
Other	335	77
Total	980	733

(25) Trading liabilities

in € million	30/9/2014	31/12/2013
Negative fair values of derivative financial instruments	5,119	4,027
Interest-based transactions	2,926	2,453
Currency-based transactions	940	592
Equity-/index-based transactions	1,110	841
Credit derivatives business	10	8
Other transactions	132	133
Short-selling of trading assets	526	551
Certificates issued	699	626
Total	6,344	5,204

(26) Derivatives

in € million	30/9/2014	31/12/2013
Negative fair values of derivatives in fair value hedges (IAS 39)	125	104
Negative fair values of derivatives in cash flow hedges (IAS 39)	29	28
Negative fair values of credit derivatives	0	0
Negative fair values of other derivative financial instruments	544	252
Total	698	384

(27) Other liabilities

in € million	30/9/2014	31/12/2013
Liabilities from non-banking activities	66	98
Liabilities from insurance contracts	292	320
Accruals and deferred items	249	267
Liabilities from dividends	1	1
Clearing claims from securities and payment transfer business	428	552
Valuation fair value hedge portfolio	98	39
Any other business	383	476
Total	1,517	1,753

(28) Subordinated capital

in € million	30/9/2014	31/12/2013
Hybrid tier 1 capital	397	451
Subordinated liabilities	3,569	3,371
Supplementary capital	0	305
Total	3,966	4,128

(29) Equity

in € million	30/9/2014	31/12/2013
Consolidated equity	9,097	9,322
Subscribed capital	892	595
Participation capital	0	2,500
Capital reserves	4,994	2,575
Retained earnings	3,211	3,652
Consolidated profit	225	557
Non-controlling interests	498	485
Total	9,819	10,364

The subscribed capital of RBI AG as defined by the articles of incorporation amounts to € 894 million. After deduction of 604,517 own shares, the stated subscribed capital totaled € 892 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 2013 Annual Report, pages 176 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	30/9/2014	Share	31/12/2013	Share
Credit risk corporate customers	2,333	29.7%	2,433	30.9%
Credit risk retail customers	2,022	25.7%	2,060	26.2%
Market risk	897	11.4%	630	8.0%
Operational risk	689	8.8%	682	8.7%
Credit risk sovereigns	513	6.5%	487	6.2%
Other tangible fixed assets	259	3.3%	263	3.3%
Credit risk financial institutions	254	3.2%	267	3.4%
Macroeconomic risk	189	2.4%	189	2.4%
Participation risk	150	1.9%	185	2.3%
Liquidity risk	142	1.9%	297	3.8%
CVA risk	43	0.5%	0	0.0%
Risk buffer	375	4.8%	375	4.8%
Total	7,866	100.0%	7,868	100.0%

Regional allocation of economic capital according to booking Group unit:

in € million	30/9/2014	Share	31/12/2013	Share
Central Europe	2,788	35.4%	2,959	37.6%
Southeastern Europe	1,557	19.8%	1,652	21.0%
Austria	1,275	16.2%	1,276	16.2%
Russia	1,271	16.2%	1,121	14.2%
CEE Other	757	9.6%	660	8.4%
Rest of World	218	2.8%	199	2.5%
Total	7,866	100.0%	7,868	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 III)

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), different classification and presentation of exposure volumes.

in € million	30/9/2014	31/12/2013
Cash reserve	2,916	4,166
Loans and advances to banks	22,353	22,243
Loans and advances to customers	82,550	80,635
Trading assets	8,271	7,581
Derivatives	1,231	982
Financial investments	13,691	12,862
Other assets	1,701	243
Contingent liabilities	11,288	10,990
Commitments	10,565	10,279
Revocable credit lines	16,500	16,727
Description differences	(4,312)	(3,384)
Total	166,755	163,323

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. good credit standing corporates 4, 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 27 grades for corporate customers and 10 grades for financial institutions and sovereigns. 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). For a better readability, the 25 living grades of the new rating scale are summarized to the 9 main rating grades. 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		30/9/2014	Share	31/12/2013 ¹	Share
1	Minimal risk	4,303	5.3%	3,558	4.5%
2	Excellent credit standing	10,937	13.6%	9,769	12.4%
3	Very good credit standing	10,078	12.5%	9,864	12.6%
4	Good credit standing	11,096	13.7%	10,502	13.4%
5	Sound credit standing	14,740	18.3%	13,285	16.9%
6	Acceptable credit standing	11,859	14.7%	12,916	16.4%
7	Marginal credit standing	6,625	8.2%	7,304	9.3%
8	Weak credit standing / sub-standard	3,083	3.8%	3,177	4.0%
9	Very weak credit standing / doubtful	1,725	2.1%	1,973	2.5%
10	Default	5,699	7.1%	5,446	6.9%
NR	Not rated	554	0.7%	724	0.9%
Total		80,698	100.0%	78,518	100.0%

¹ Adaption of previous year figures due to optimization measure in the master scale.

Compared to year-end 2013, total credit exposure for corporate customers increased € 2,180 million to € 80,698 million. At the end of the third quarter, the largest segment in terms of corporate customers was Group Corporates with € 32,387 million, followed by Central Europe with € 17,699 million, Russia with € 11,243 million and Southeastern Europe with € 9,717 million. The rest is divided between Group Markets with € 5,677 million, CEE Other with € 3,133 million and Corporate Center with € 842 million.

Within the framework of optimization measures and continuing development of the master scale shiftings in the individual rating grades occurred. For comparable reasons, the previous year figures were adapted. The share of loans with good to minimum risk credit profiles slightly increased to 45.1 per cent (2013: 42.9 per cent). The share of loans with marginal credit standing to even weaker credit profiles decreased from 15.8 per cent to 14.1 per cent. This reflects the loan portfolio's active management. Based thereon, the portfolio's growth is strongly focused on economically thriving markets and at the same time the high lending standards demand that new loans were granted primarily to customers with good credit ratings. The share of default loans under Basel III (rating 10) amounted to 7.1 per cent or € 5,699 million of total credit exposure to corporate customers. 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		30/9/2014	Share	31/12/2013 ¹	Share
Central Europe		22,219	24.8%	22,498	25.8%
Austria		17,423	19.4%	16,758	19.2%
Russia		14,878	16.6%	13,479	15.4%
Southeastern Europe		11,498	12.8%	11,464	13.1%
Western Europe		11,381	12.7%	9,728	11.1%
Asia		5,502	6.1%	5,956	6.8%
CEE Other		3,910	4.4%	4,554	5.2%
Other		2,867	3.2%	2,829	3.2%
Total		89,680	100.0%	87,266	100.0%

¹ Adaption of previous year figures due to different mapping.

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

in € million	30/9/2014	Share	31/12/2013	Share
Wholesale and retail trade	20,712	23.1%	20,689	23.7%
Manufacturing	19,208	21.4%	18,362	21.0%
Real estate	9,939	11.1%	9,865	11.3%
Financial intermediation	10,119	11.3%	8,006	9.2%
Construction	6,689	7.5%	6,346	7.3%
Transport, storage and communication	3,755	4.2%	3,736	4.3%
Electricity, gas, steam and hot water supply	3,925	4.4%	4,124	4.7%
Freelance/technical services	4,572	5.1%	5,217	6.0%
Other industries	10,763	12.0%	10,921	12.5%
Total	89,680	100.0%	87,266	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	30/9/2014	Share	31/12/2013	Share
6.1 Excellent project risk profile - very low risk	3,481	38.8%	3,388	38.7%
6.2 Good project risk profile - low risk	3,295	36.7%	2,971	34.0%
6.3 Acceptable project risk profile - average risk	890	9.9%	1,225	14.0%
6.4 Poor project risk profile - high risk	769	8.6%	616	7.0%
6.5 Default	547	6.1%	539	6.2%
NR Not rated	1	0.0%	10	0.1%
Total	8,982	100.0%	8,749	100.0%

The credit exposure in project finance amounted to € 8,982 million at the end of the third quarter, with the two best rating grades - Excellent project risk profile, with a very low risk and Good project risk profile, with a low risk - accounting for the highest share, at 75.5 per cent. This reflects mainly the high level of collateralization in such specialized lending transactions. Compared to year-end 2013, the share of unrated loans decreased to € 1 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 the retail credit exposure:

in € million	30/9/2014	Share	31/12/2013	Share
Retail customers - private individuals	26,148	88.1%	26,194	89.1%
Retail customers - small and medium-sized entities	3,532	11.9%	3,208	10.9%
Total	29,680	100.0%	29,402	100.0%
hereof non-performing loans	2,956	10.0%	2,923	9.9%
hereof individual loan loss provision	2,044	6.9%	1,928	6.6%
hereof portfolio-based loan loss provision	209	0.7%	186	0.6%

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

30/9/2014 in € million	Central Europe	Southeastern Europe	Russia	CEE Other	Group Markets
Retail customers - private individuals	13,719	6,829	4,251	1,339	11
Retail customers - small and medium-sized entities	1,853	922	574	181	1
Total	15,572	7,751	4,825	1,520	12
hereof non-performing loans	1,551	574	207	620	1
hereof individual loan loss provision	998	346	147	512	0
hereof portfolio-based loan loss provision	82	38	58	27	0

31/12/2013 in € million	Central Europe	Southeastern Europe	Russia	CEE Other	Group Markets
Retail customers - private individuals	13,461	6,672	4,633	1,414	14
Retail customers - small and medium-sized entities	2,085	740	93	290	0
Total	15,546	7,412	4,727	1,704	14
hereof non-performing loans	1,572	599	150	597	1
hereof individual loan loss provision	989	358	119	419	0
hereof portfolio-based loan loss provision	91	42	29	20	0

Compared to year-end 2013, the total credit exposure to retail customers increased € 278 million to € 29,680 million in the third quarter. The highest volume amounting to € 15,572 million was booked in the segment Central Europe. Compared to year-end 2013, this represented an increase of € 26 million mainly resulting from an increase in credit exposure in Slovakia. Southeastern Europe ranked second with a credit exposure of € 7,751 million. Compared to year-end 2013, this represents an increase of € 339 million which mainly results from Romania and Croatia. The segment Russia showed an increase of € 98 million due to the expansion of loan volumes in the retail business despite currency devaluation. The segment CEE Other reported a decline of € 184 million mainly caused by currency devaluation of Ukrainian hryvnia.

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

in € million	30/9/2014	Share	31/12/2013	Share
Mortgage loans	14,089	47.5%	14,055	47.8%
Personal loans	6,714	22.6%	6,660	22.7%
Credit cards	2,850	9.6%	2,351	8.0%
Car loans	2,503	8.4%	2,617	8.9%
Overdraft	1,925	6.5%	2,103	7.2%
SME financing	1,599	5.4%	1,616	5.5%
Total	29,680	100.0%	29,402	100.0%

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	30/9/2014	Share	31/12/2013	Share
Swiss franc	4,309	47.4%	4,560	50.4%
Euro	3,882	42.7%	3,557	39.3%
US-Dollar	889	9.8%	915	10.1%
Other foreign currencies	11	0.1%	11	0.1%
Loans in foreign currencies	9,092	100.0%	9,043	100.0%
Share of total loans	30.6%		30.8%	

Compared to year-end 2013, foreign currency loans in Swiss francs and US-Dollar declined, while Euro loans increased.

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	30/9/2014	Share	31/12/2013	Share
A1 Excellent credit standing	435	1.6%	245	0.9%
A2 Very good credit standing	1,113	4.1%	974	3.6%
A3 Good credit standing	11,249	41.6%	13,368	48.8%
B1 Sound credit standing	8,002	29.6%	8,040	29.4%
B2 Average credit standing	3,066	11.3%	1,769	6.5%
B3 Mediocre credit standing	1,474	5.5%	1,733	6.3%
B4 Weak credit standing	834	3.1%	518	1.9%
B5 Very weak credit standing	507	1.9%	304	1.1%
C Doubtful/high default risk	116	0.4%	187	0.7%
D Default	197	0.7%	213	0.8%
NR Not rated	31	0.1%	18	0.1%
Total	27,023	100.0%	27,370	100.0%

Total credit exposure amounted to € 27,023 million in the third quarter, which represents a decrease of € 347 million compared to the year-end 2013. At € 11,249 million, or 41.6 per cent, the bulk of this customer group was in the A3 rating class, which decreased € 2,119 million compared to year-end 2013. This resulted from the decline of loans to banks, repo and money market business. Compared to year-end 2013, the highest increases are accounted by rating class B2 with € 1,297 million. This mainly resulted from increased repo business.

At € 20,862 million or 77.2 per cent, the segment Group Markets had the largest share of the loan portfolio with financial institutions, followed by the segment Group Corporates with € 1,769 million, or 6.5 per cent.

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

in € million	30/9/2014	Share	31/12/2013 ¹	Share
Money market	7,328	27.1%	7,270	26.6%
Loans	5,512	20.4%	6,323	23.1%
Repo	5,072	18.8%	4,683	17.1%
Derivatives	5,000	18.5%	4,423	16.2%
Bonds	2,695	10.0%	2,960	10.8%
Other	1,416	5.2%	1,710	6.2%
Total	27,023	100.0%	27,370	100.0%

¹ Adaption of previous year figures due to different allocation.

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	30/9/2014	Share	31/12/2013	Share
A1 Excellent credit standing	2,420	11.9%	1,660	8.6%
A2 Very good credit standing	1,972	9.7%	1,350	7.0%
A3 Good credit standing	3,080	15.1%	3,144	16.3%
B1 Sound credit standing	3,093	15.2%	2,844	14.8%
B2 Average credit standing	2,487	12.2%	1,076	5.6%
B3 Mediocre credit standing	1,867	9.2%	4,061	21.1%
B4 Weak credit standing	4,092	20.1%	3,683	19.1%
B5 Very weak credit standing	909	4.5%	1,403	7.3%
C Doubtful/high default risk	411	2.0%	5	0.0%
D Default	0	0.0%	37	0.2%
NR Not rated	42	0.2%	21	0.1%
Total	20,372	100.0%	19,284	100.0%

Compared to year-end 2013, the credit exposure to sovereigns increased € 1,088 million to € 20,372 million in the third quarter, which represents 12.2 per cent of the bank's total credit exposure.

The rating class excellent credit standing (A1 rating) reported an increase of € 760 million. This mainly resulted from a rise in the portfolio of German and Austrian government bonds (plus € 497 million).

The intermediate rating classes good credit standing (A3 rating) to mediocre credit standing (B3 rating) accounted for the highest share with 51.7 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 increase in rating class B2 was mainly based on the one hand on rating improvement in Romania (B3 to B2) and on the other hand on rating deterioration in Italy (B1 to B2). The credit exposure in rating classes B4 and B5 amounted to € 5,001 million, or 24.6 per cent, of total loans outstanding. Loans in the rating class C increased due to a rating deterioration in Ukraine from B5 to C.

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

in € million	30/9/2014	Share	31/12/2013	Share
Bonds	13,765	67.6%	12,471	64.7%
Loans	5,379	26.4%	5,555	28.8%
Derivatives	745	3.7%	726	3.8%
Other	482	2.4%	532	2.8%
Total	20,372	100.0%	19,284	100.0%

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

in € million	30/9/2014	Share	31/12/2013 ¹	Share
Hungary	2,357	32.2%	2,068	22.5%
Albania	835	11.4%	844	9.2%
Croatia	815	11.1%	941	10.2%
Serbia	639	8.7%	557	6.0%
Romania	-	-	2,168	23.5%
Other	2,674	36.5%	2,633	28.6%
Total	7,320	100.0%	9,210	100.0%

¹ Adaption of previous year figures due to different mapping.

Compared to year-end 2013, the credit exposure to non-investment grade sovereigns decreased € 1,890 million to € 7,320 million. This decrease mainly resulted from rating improvement in Romania from B3 to B2.

The credit exposure is mainly based on 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:

in € million	NPL		NPL ratio		NPL coverage ratio	
	30/9/2014	31/12/2013	30/9/2014	31/12/2013	30/9/2014	31/12/2013
Corporate customers	6,250	5,707	11.5%	10.9%	60.2%	59.0%
Retail customers	2,953	2,922	11.1%	11.0%	76.3%	72.3%
Sovereigns	0	29	0.0%	1.8%	18.2%	17.6%
Total non-banks	9,204	8,657	11.1%	10.7%	65.4%	63.1%
Banks	139	153	0.6%	0.7%	77.7%	72.6%
Total	9,343	8,811	8.9%	8.6%	65.6%	63.5%

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:

in € million	NPL		NPL ratio		NPL coverage ratio	
	30/9/2014	31/12/2013	30/9/2014	31/12/2013	30/9/2014	31/12/2013
Central Europe	3,341	3,509	10.5%	11.4%	67.4%	64.3%
Southeastern Europe	1,955	1,944	11.8%	12.1%	59.1%	58.4%
Russia	601	482	4.7%	3.9%	74.3%	77.7%
CEE Other	1,163	1,108	27.2%	23.3%	82.6%	72.2%
Group Corporates	1,817	1,373	8.4%	6.5%	49.7%	47.2%
Group Markets	403	351	2.5%	2.1%	75.8%	84.7%
Corporate Center	64	44	1.1%	0.7%	172.9%	215.4%
Total	9,343	8,811	8.9%	8.6%	65.6%	63.5%

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 at 1/1/2014	Change in consolidated group	Exchange differences	Additions	Disposals	As at 30/9/2014
Corporate customers	5,707	(4)	(83)	1,766	(1,136)	6,250
Retail customers	2,922	2	(38)	835	(768)	2,953
Sovereigns	29	0	(1)	0	(28)	0
Total non-banks	8,657	(1)	(123)	2,601	(1,931)	9,204
Banks	153	0	3	6	(23)	139
Total	8,811	(1)	(120)	2,607	(1,954)	9,343

In Corporate Customers, total non-performing loans increased € 544 million to € 6,250 million at the end of the third quarter. The ratio of non-performing loans to total credit exposure increased 0.6 percentage points to 11.5 per cent, the NPL coverage ratio also increased 1.2 percentage points to 60.2 per cent. In the retail portfolio, non-performing loans rose 1.1 per cent, or € 32 million, to € 2,953 million. The ratio of non-performing loans to total credit exposure increased 0.1 percentage points to 11.1 per cent, the NPL coverage ratio rose 4.0 percentage points to 76.3 per cent. Non-performing loans for financial institutions amounted to € 139 million at the end of the third quarter, thus representing a decrease of € 14 million compared to year-end 2013 and the NPL coverage ratio rose 5.1 percentage points to 77.7 per cent.

In Group Corporates, non-performing loans increased significantly by 32.3 per cent, or € 444 million, to € 1,817 million, which mainly resulted from non-performing loan exposure in Asia. Here, the NPL ratio rose 1.9 percentage points to 8.4 per cent, while the NPL coverage ratio increased 2.5 percentage points to 49.7 per cent. In the segment Russia, non-performing loans increased 24.7 per cent, or € 119 million, to € 601 million. The ratio of non-performing loans to credit exposure rose 0.8 percentage points to 4.7 per cent, while the NPL coverage sank 3.4 percentage points to 74.3 per cent. In the segment CEE Other, non-performing loans increased 4.9 per cent, or € 55 million, to € 1,163 million. Here, the NPL ratio increased 3.9 percentage points to 27.2 per cent and also the NPL coverage ratio went up 10.4 percentage points to 82.6 per cent. In the segment Group Markets, non-performing loans increased 14.8 per cent, or € 52 million, to € 403 million (regrouping of a non-performing loan exposure of € 63 million from Group Corporates). At the same time, the ratio of non-performing loans to total credit exposure increased 0.4 percentage points to 2.5 per cent, while the NPL coverage ratio sank 8.9 percentage points to 75.8 per cent. In Central Europe, non-performing loans decreased 4.8 per cent, or € 168 million, to € 3,431 million. The ratio of non-performing loans to total credit exposure sank 0.9 percentage points to 10.5 per cent, while the NPL coverage ratio went up 3.1 percentage points to 67.4 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 at 1/1/2014	Change in consolidated group	Allocation ¹	Release	Usage ²	Transfers, exchange differences	As at 30/9/2014
Individual loan loss provisions	5,195	(1)	1,498	(444)	(515)	(28)	5,705
Portfolio-based loan loss provisions	529	1	254	(222)	0	(38)	524
Total	5,725	0	1,752	(666)	(515)	(66)	6,230

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

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

Concentration risk

The Group'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	30/9/2014	Share	31/12/2013	Share
Austria	28,581	17.1%	27,976	18.1%
Central Europe	47,106	28.2%	46,350	28.1%
Poland	14,828	8.9%	14,181	8.6%
Slovakia	11,861	7.1%	11,706	6.7%
Czech Republic	10,620	6.4%	10,700	6.5%
Hungary	8,239	4.9%	8,034	5.1%
Other	1,558	0.9%	1,728	1.2%
Other European Union	24,042	14.4%	20,890	13.5%
Germany	5,792	3.5%	5,546	3.6%
Great Britain	6,925	4.2%	4,294	4.1%
France	4,296	2.6%	5,106	3.1%
Netherlands	1,952	1.2%	1,600	0.8%
Other	5,077	3.0%	4,344	1.9%
Southeastern Europe	24,463	14.7%	24,562	14.5%
Romania	8,509	5.1%	8,597	4.7%
Croatia	5,351	3.2%	5,351	3.3%
Bulgaria	3,774	2.3%	3,914	2.5%
Serbia	2,169	1.3%	2,217	1.2%
Other	4,659	2.8%	4,482	2.7%
Russia	21,848	13.1%	20,440	11.7%
Asia	7,093	4.3%	9,033	5.7%
China	3,414	2.0%	4,208	2.4%
Singapore	1,697	1.0%	1,516	1.0%
Other	1,982	1.2%	3,308	2.2%

in € million	30/9/2014	Share	31/12/2013	Share
CEE Other	6,583	3.9%	7,509	4.4%
Ukraine	4,396	2.6%	5,545	3.3%
Other	2,187	1.3%	1,964	1.0%
North America	3,078	1.8%	4,134	2.1%
Rest of World	3,959	2.4%	2,429	2.0%
Total	166,755	100.0%	163,323	100.0%

The Group 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 these 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 at 30/9/2014	Average VaR	Minimum VaR	Maximum VaR	VaR as at 31/12/2013
Currency risk	81	62	35	122	41
Interest rate risk	7	12	5	31	9
Credit spread risk	10	14	7	33	22
Share price risk	1	1	1	2	1
Vega risk	1	1	0	1	0
Total	86	75	46	141	57

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

Liquidity risk

The following table shows the liquidity gap and the ratio of expected cash inflows plus counterbalancing capacity to cash outflows (liquidity ratio) for selected maturities on a cumulative basis, taking into account 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 securities lending transactions).

in € million Maturity	30/9/2014			31/12/2013		
	1 week	1 month	1 year	1 week	1 month	1 year
Liquidity gap	15,020	15,063	13,965	15,223	12,372	13,124
Liquidity ratio	153%	137%	114%	155%	126%	113%

Internal limits 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 liquidity needs exist for all major Group units.

Additional notes

(31) Contingent liabilities and commitments

in € million	30/9/2014	31/12/2013
Contingent liabilities	11,288	10,990
Acceptances and endorsements	73	38
Credit guarantees	6,769	6,199
Other guarantees	2,376	2,504
Letters of credit (documentary business)	1,919	2,189
Other contingent liabilities	151	60
Commitments	10,565	10,279
Irrevocable credit lines and stand-by facilities	10,565	10,279
Up to 1 year	3,049	2,798
More than 1 year	7,516	7,481

(32) Derivatives

30/9/2014		Nominal amount by maturity				Fair values	
in € million	Up to 1 year	> 1 year to 5 years	More than 5 years	Total	Positive	Negative	
Interest rate contracts	32,166	62,771	42,897	137,833	4,384	(3,288)	
Foreign exchange rate and gold contracts	49,343	10,568	3,045	62,956	966	(1,276)	
Equity/index contracts	1,621	1,869	435	3,925	143	(1,111)	
Commodities	102	208	10	320	5	(105)	
Credit derivatives	82	1,535	0	1,617	10	(10)	
Precious metals contracts	15	21	12	49	0	(27)	
Total	83,329	76,972	46,398	206,699	5,509	(5,817)	

31/12/2013		Nominal amount by maturity				Fair values	
in € million	Up to 1 year	> 1 year to 5 years	More than 5 years	Total	Positive	Negative	
Interest rate contracts	30,570	53,289	40,047	123,906	3,378	(2,774)	
Foreign exchange rate and gold contracts	45,598	9,059	2,410	57,067	748	(655)	
Equity/index contracts	1,507	1,507	407	3,422	59	(841)	
Commodities	202	171	11	384	10	(116)	
Credit derivatives	116	1,431	0	1,547	10	(9)	
Precious metals contracts	48	13	12	73	0	(17)	
Total	78,040	65,470	42,888	186,398	4,206	(4,412)	

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

30/9/2014						
in € million	Level I	Level II	Level III	Fair value	Carrying amount	Difference
Assets						
Cash reserve	0	5,094	0	5,094	5,094	0
Loans and advances to banks	0	16,671	5,667	22,338	22,239	98
Loans and advances to customers	0	20,909	54,414	75,324	76,532	(1,208)
Financial investments	4,294	1,058	373	5,726	5,665	60
Liabilities						
Deposits from banks	0	26,391	4,476	30,867	30,771	96
Deposits from customers	0	29,328	38,723	68,051	67,824	228
Debt securities issued	572	3,669	1,258	5,499	5,365	135
Subordinated capital	0	3,887	13	3,900	3,500	400

31/12/2013						
in € million	Level I	Level II	Level III	Fair value	Carrying amount	Difference
Assets						
Cash reserve	0	6,674	0	6,674	6,674	0
Loans and advances to banks	0	16,658	5,510	22,168	22,125	43
Loans and advances to customers	0	20,268	53,757	74,025	75,147	(1,123)
Financial investments	3,764	613	406	4,783	4,672	111
Liabilities						
Deposits from banks	0	26,389	3,817	30,206	30,105	101
Deposits from customers	0	34,890	31,647	66,537	66,437	101
Debt securities issued	278	9,043	159	9,480	9,411	69
Subordinated capital	0	3,673	33	3,706	3,637	69

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

in € million	30/9/2014			31/12/2013		
	Level I	Level II	Level III	Level I	Level II	Level III
Trading assets	3,524	4,959	154	4,070	3,755	165
Positive fair values of derivatives ¹	142	4,437	65	59	3,481	88
Shares and other variable-yield securities	355	6	0	403	4	0
Bonds, notes and other fixed-interest securities	3,027	515	89	3,608	270	77
Call/time deposits from trading purposes	0	0	0	0	0	0
Financial assets at fair value through profit or loss	3,108	3,505	33	4,788	3,639	12
Shares and other variable-yield securities	24	0	5	43	103	5
Bonds, notes and other fixed-interest securities	3,085	3,505	28	4,746	3,537	7
Financial assets available-for-sale	1,778	35	122	346	25	49
Other interests	1	35	43	4	25	37
Bonds, notes and other fixed-interest securities	1,777	0	79	341	0	12
Shares and other variable-yield securities	0	1	0	0	0	0
Derivatives (hedging)	0	864	0	0	550	23
Positive fair values of derivatives from hedge accounting	0	864	0	0	550	23

in € million	30/9/2014			31/12/2013		
	Level I	Level II	Level III	Level I	Level II	Level III
Trading liabilities	660	6,205	22	631	4,801	24
Negative fair values of derivative financial instruments ¹	176	5,472	15	129	4,133	17
Call/time deposits from trading purposes	0	0	0	0	0	0
Short-selling of trading assets	484	41	0	502	50	0
Certificates issued	0	692	8	0	618	7
Liabilities at fair value through profit and loss	0	2,599	0	0	2,612	0
Debt securities issued	0	2,134	0	0	2,122	0
Subordinated capital	0	466	0	0	491	0
Derivatives (hedging)	0	154	0	0	133	0
Negative fair values of derivatives from hedge accounting	0	154	0	0	133	0

¹ Including other derivatives.

Level I Quoted market prices.

Level II Valuation techniques based on market data.

Level III Valuation techniques not based on market data.

Movements between Level I and Level II

Compared to year-end, the share of financial assets according to Level II increased. The increase resulted primarily from higher fair values of derivative financial instruments. Regarding bonds, notes and other fixed-interest securities, there was a slight shift from Level I to Level II. This was due to a change of single products from "mark-to-market" valuation to "mark-to-model" valuation.

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 reporting period 2014, there was no material reclassification in Level III.

in € million	As at 1/1/2014	Change in consolidated group	Exchange differences	Purchases	Sales, repayment
Trading assets	165	0	4	21	(41)
Financial assets at fair value through profit or loss	12	0	0	33	(14)
Financial assets available-for-sale	12	0	0	11	0
Derivatives (hedging)	23	0	0	0	(25)

in € million	Gains/loss in P/L	Gains/loss in other comprehensive income	Transfer to level III	Transfer from level III	As at 30/9/2014
Trading assets	1	0	1	2	154
Financial assets at fair value through profit or loss	2	0	0	0	33
Financial assets available-for-sale	0	0	56	0	79
Derivatives (hedging)	0	2	0	0	0

in € million	As at 1/1/2014	Change in consolidated group	Exchange differences	Purchases	Sales, repayment
Trading liabilities	24	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 at 30/9/2014
Trading liabilities	(2)	0	0	0	22

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	0	Net asset value	Haircuts	20 - 50%
Shares and other variable-yield securities	Shares	5	Approximation method	-	n.a.
Bonds, notes and other fixed-interest securities	Fixed coupon bonds	195	Discounted cash flow method	Credit spread	10 - 20%
Bonds, notes and other fixed-interest securities	Asset backed securities	0	Broker estimate	Probability of default Loss severity Expected prepayment rate	n.a.
Positive fair value of banking book derivatives without hedge accounting	Forward foreign exchange contract	65	Discounted cash flow method	Interest rate	10 - 30%
Total		266			

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	15	Option model	Closing Period Currency risk LT volatility Index category	2 - 16% 0 - 5% 0 - 3% 0 - 5%
Issued certificates for trading purposes	Certificates	8	Option model	Closing period Bid-Ask Spread LT Volatility Index category	0 - 3% 0 - 3% 0 - 3% 0 - 2.5%
Total		22			

(35) Transferred financial assets

Transferred financial assets not entirely derecognized

30/9/2014	Transferred assets		Associated liabilities	
in € Millionen	Carrying amount	hereof repurchase agreements	Carrying amount	hereof repurchase agreements
Trading assets	65	65	64	64
Financial assets at fair value through profit or loss	193	193	193	193
Financial assets available-for-sale	31	31	30	30
Loans and advances	47	0	46	0
Financial assets held-to-maturity	752	752	569	569
Total	1,086	1,040	902	856

31/12/2013 ¹ in € Millionen	Transferred assets		Associated liabilities	
	Carrying amount	hereof repurchase agreements	Carrying amount	hereof repurchase agreements
Trading assets	252	251	206	206
Financial assets at fair value through profit or loss	573	573	423	423
Financial assets available-for-sale	0	0	0	0
Loans and advances	88	0	65	0
Financial assets held-to-maturity	57	57	54	54
Total	970	881	748	682

¹ Adaption of previous year figures due to different allocation.

(36) Offsetting of financial assets and liabilities

30/9/2014 in € million	of recognized assets set off in the statement of financial position	Gross amount of recognized liabilities set off in the statement of financial position	Net amount of recognized assets set off in the statement of financial position	Related amounts not set off in the statement of financial position		Net amount
				Financial instruments	Cash collateral received	
Derivatives	4,588	6	4,582	4,209	36	337
Reverse repurchase, securities lending & similar agreements	7,566	0	7,566	6,160	1	1,405
Other financial instruments	0	0	0	0	0	0
Total	12,154	6	12,148	10,368	38	1,742

30/9/2014 in € million	of recognized liabilities set off in the statement of financial position	Gross amount of recognized assets set off in the statement of financial position	Net amount of recognized liabilities set off in the statement of financial position	Related amounts not set off in the statement of financial position		Net amount
				Financial instruments	Cash collateral pledged	
Derivatives	4,395	6	4,389	4,469	87	(168)
Repurchase, securities lending & similar agreements	324	0	324	149	0	175
Other financial instruments	0	0	0	0	0	0
Total	4,719	6	4,713	4,618	87	7

31/12/2013	Gross amount of recognized assets set off in the statement of financial position	Gross amount of recognized liabilities set off in the statement of financial position	Net amount of recognized assets set off in the statement of financial position	Related amounts not set off in the statement of financial position		Net amount
				Financial instruments	Cash collateral received	
in € million						
Derivatives	3,496	40	3,456	3,063	16	376
Reverse repurchase, securities lending & similar agreements	8,133	0	8,133	8,124	2	7
Other financial instruments	0	0	0	0	0	0
Total	11,629	40	11,589	11,187	18	384

31/12/2013	Gross amount of recognized liabilities set off in the statement of financial position	Gross amount of recognized assets set off in the statement of financial position	Net amount of recognized liabilities set off in the statement of financial position	Related amounts not set off in the statement of financial position		Net amount
				Financial instruments	Cash collateral pledged	
in € million						
Derivatives	3,269	40	3,229	3,531	52	(354)
Repurchase, securities lending & similar agreements	1,863	0	1,863	1,863	0	0
Other financial instruments	0	0	0	0	0	0
Total	5,131	40	5,091	5,394	52	(354)

(37) 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 with related parties that are natural persons, especially large banking business transactions, 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:

30/9/2014 in € million	Parent companies	Affiliated companies	Companies valued at equity	Other interests
Loans and advances to banks	5,603	125	211	126
Loans and advances to customers	0	1,255	74	73
Trading assets	0	46	1	0
Financial investments	0	373	0	79
Investments in associates	0	0	0	0
Other assets (incl. derivatives)	55	62	0	0
Deposits from banks	5,672	412	3,447	117
Deposits from customers	7	280	357	63
Provisions for liabilities and charges	0	0	0	0
Trading liabilities	0	97	18	0
Other liabilities including derivatives	8	0	0	0
Subordinated capital	0	0	0	0
Guarantees given	0	150	1	6
Guarantees received	848	1,212	204	35

31/12/2013 in € million	Parent companies	Affiliated companies	Companies valued at equity	Other interests
Loans and advances to banks	6,032	89	218	120
Loans and advances to customers	0	1,525	41	295
Trading assets	0	47	1	2
Financial investments	0	405	2	66
Investments in associates	0	0	5	0
Other assets (incl. derivatives)	51	18	0	0
Deposits from banks	9,224	240	3,969	204
Deposits from customers	1	261	779	511
Provisions for liabilities and charges	0	0	0	0
Trading liabilities	0	78	0	0
Other liabilities including derivatives	0	23	0	0
Subordinated capital	52	0	0	0
Guarantees given	0	117	1	5
Guarantees received	925	390	201	40

(38) Regulatory total capital

The total capital of RBI (according to Basel III) breaks down as follows:

in € million	30/9/2014
Paid-in capital	5,883
Earned capital	3,207
Non-controlling interests	440
Common equity tier 1 (before deductions)	9,530
Intangible fixed assets/goodwill	(788)
Provision shortage for IRB positions	(17)
Deduction securitizations	(5)
Deduction deferred tax assets	0
Deduction insurance and other investments	0
Common equity tier 1 (after deductions)	8,720
Additional tier 1	353
Deduction securitizations	0
Intangible fixed assets/goodwill	(327)
Provision shortage for IRB positions	(33)
Deduction insurance and other investments	0
Non-controlling interests	8
Tier 1	8,720
Provision excess of internal rating approach positions	191
Hidden reserve	236
Long-term subordinated capital	3,182
Deduction securitizations	0
Deduction insurance and other investments	0
Non-controlling interests	4
Tier 2 (after deductions)	3,613
Total capital	12,333
Total capital requirement	6,352
Common equity tier 1 ratio	11.0%
Tier 1 ratio	11.0%
Total capital ratio	15.5%
in € million	30/9/2014
Risk-weighted assets (total)	79,402
Total capital requirement for credit risk	5,242
Internal rating approach	2,988
Standardized approach	2,211
CVA risk	43
Total capital requirement for position risk in bonds, equities, commodities and open currency positions	348
Own funds requirement for operational risk	762
Total capital requirement	6,352

As at year-end 2013, the own funds of RBI according to Austrian Banking Act (BWG) 1993/Amendment 2006 – Basel II break down as follows:

in € million	31/12/2013
Paid-in capital	5,669
Earned capital	3,135
Non-controlling interests	428
Hybrid tier 1 capital	441
Intangible fixed assets	(705)
Core capital (tier 1 capital)	8,968
Deductions from core capital	(13)
Eligible core capital (after deductions)	8,955
Supplementary capital according to Section 23 (1) 5 BWG	0
Provision excess of internal rating approach positions	221
Hidden reserves	8
Long-term subordinated capital	3,157
Additional own funds (tier 2 capital)	3,387
Deduction items: participations, securitizations	(13)
Eligible additional own funds (after deductions)	3,374
Deduction items: insurance companies	0
Tier 2 capital available to be redesignated as tier 3 capital	357
Total own funds	12,686
Total own funds requirement	6,392
Excess own funds	6,294
Excess cover ratio	98.5%
Core tier 1 ratio, total	10.7%
Tier 1 ratio, credit risk	13.7%
Tier 1 ratio, total	11.2%
Own funds ratio	15.9%

The total own funds requirement breaks down as follows:

in € million	31/12/2013
Risk-weighted assets according to section 22 BWG	65,334
of which 8 per cent minimum own funds for the credit risk according to Sections 22a to 22h BWG	5,227
Standardized approach	2,278
Internal rating approach	2,949
Settlement risk	0
Own funds requirement for position risk in bonds, equities and commodities	297
Own funds requirement for open currency positions	60
Own funds requirement for operational risk	808
Total own funds requirement	6,392

(39) Average number of staff

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

Full-time equivalents	1/1-30/9/2014	1/1-30/9/2013
Austria	2,663	2,658
Foreign	54,416	56,638
Total	57,079	59,296

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