Raiffeisen Bank International

Semi-Annual Financial Report as of 30 June 2015

Survey of key data

Raiffeisen Bank International Group

Monetary values in € million	2015	Change	2014
Income statement	**1/1-30/6**		**1/1-30/6**
Net interest income	1,682	(13.9)%	1,954
Net provisioning for impairment losses	(592)	4.3%	(568)
Net fee and commission income	745	(2.6)%	765
Net trading income	2	(81.0)%	9
General administrative expenses	(1,388)	(8.6)%	(1,519)
Profit/loss before tax	467	(9.8)%	518
Profit/loss after tax	326	(12.2)%	371
Consolidated profit/loss	288	(16.4)%	344
Statement of financial position	**30/6**		**31/12**
Loans and advances to banks	13,038	(16.3)%	15,573
Loans and advances to customers	76,295	(2.1)%	77,925
Deposits from banks	21,732	(3.0)%	22,408
Deposits from customers	67,018	1.4%	66,094
Equity	8,783	5.8%	8,302
Assets	119,734	(1.6)%	121,624
Key ratios	**1/1-30/6**		**1/1-30/6**
Return on equity before tax	11.0%	2.4 PP	8.6%
Cost/income ratio	56.8%	1.5 PP	55.3%
Return on assets before tax	0.79%	(0.01) PP	0.80%
Net interest margin (average interest-bearing assets)	3.00%	(0.33) PP	3.33%
Provisioning ratio (average loans and advances to customers)	1.49%	0.08 PP	1.41%
Bank-specific information	**30/6**		**31/12**
NPL ratio	11.9%	0.6 PP	11.3%
Risk-weighted assets (total RWA)	69,950	1.8%	68,721
Total capital requirement	5,596	1.8%	5,498
Total capital	11,612	5.5%	11,003
Common equity tier 1 ratio (transitional)	11.4%	0.5 PP	10.9%
Common equity tier 1 ratio (fully loaded)	10.7%	0.7 PP	10.0%
Total capital ratio (transitional)	16.6%	0.6 PP	16.0%
Total capital ratio (fully loaded)	16.0%	0.9 PP	15.2%
Stock data	**1/1-30/6**		**11/1-30/6**
Earnings per share in €	0.98	(20.4)%	1.24
Closing price in € (30/6)	13.05	(44.0)%	23.32
High (closing prices) in €	15.59	(50.1)%	31.27
Low (closing prices) in €	9.01	(56.3)%	20.60
Number of shares in million (30/6)	292.98	0.0%	292.98
Market capitalization in € million (30/6)	3,823	(44.0)%	6,831
Resources	**30/6**		**31/12**
Employees as at reporting date (full-time equivalents)	53,233	(2.7)%	54,730
Business outlets	2,781	(3.0)%	2,866
Customers in million	14.8	(0.4)%	14.8

Content

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

New act in the Greek debt drama

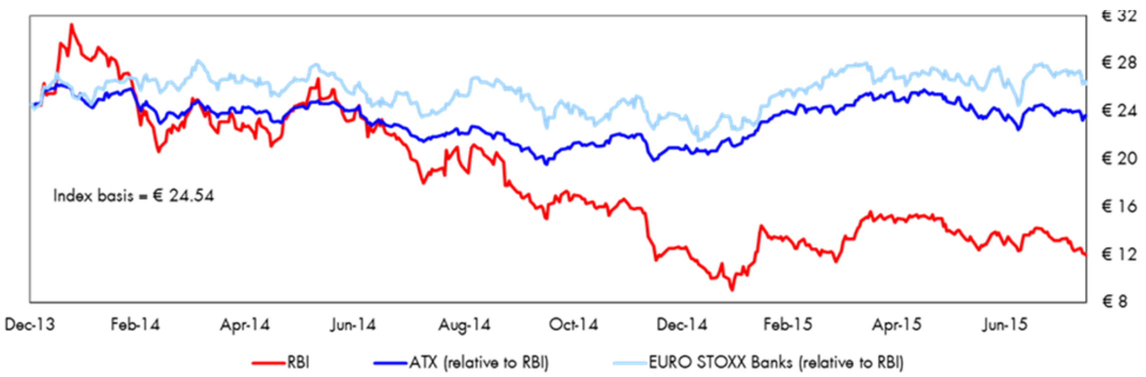
Economic growth in the euro area looks set to remain positive in the second quarter of 2015. The primary contributing factors, as in the first quarter of 2015, were the continuing euro weakness and sustained low oil price. Growth was further driven by the ECB's quantitative easing program (government bond purchases), launched in the first quarter of 2015, and by a good level of consumer confidence in the euro area. Following new all-time highs posted by many equity indices in April and May, consolidation set in towards the end of the quarter and many investors took profits on the back of earlier strong gains. The triggers for this were the threat of a Greek default, as well as associated fears over the country's exit from the euro area, and of the resulting unforeseeable political and financial consequences for the remaining euro member states. The long uptrend in bond prices came to an end in April and for the first time in a long while bond prices declined significantly. This was attributable not only to waning deflation concerns and positive economic growth, but also to speculation that the ECB might wind down its bond purchase program ahead of schedule.

Even though the so-called "Grexit" could initially be avoided, the Greek crisis dominated the political agenda and financial markets in the second quarter. Following weeks of intensive negotiations and a Greek referendum that was called at short notice – one in which the majority of the Greek people voted against the reform requirements – the Greek government and representatives of the other euro member states ultimately reached an agreement on a new, third bailout package. Despite the "no" vote by the Greek people, this bailout package is tied to the implementation of numerous reforms and requirements and in return provides Greece with further extensive financial support. Currently, the final disbursement of the new financial assistance package is dependent on its approval by the Greek parliament, as well as by the national parliaments of several euro area countries.

Performance of RBI stock

RBI's stock opened the second quarter at a share price of € 13.02 and reached its highest closing price at € 15.59 on 15 April 2015. However, the share price then fell again to close the quarter at € 13.05, so that it was nearly the same level as at the beginning of the quarter. It was trading at € 11.90 as of the editorial deadline for this report on 14 August 2015.

Share price performance since 1 January 2014 compared to the ATX and EURO STOXX Banks



Annual General Meeting

RBI's Annual General Meeting, which was held on 17 June 2015, approved all of the proposed resolutions relating to the individual agenda items. Klaus Buchleitner, Erwin Hameseder and Johannes Peter Schuster were reelected to RBI's Supervisory Board until the close of the Annual General Meeting resolving on the granting of discharge for the 2019 financial year. Michael Höllerer, Member of the Managing Board of Raiffeisen Zentralbank Österreich AG, was elected for the first time to the Supervisory Board for the same term.

Active capital market communication

In the second quarter, RBI again offered interested investors the opportunity to obtain first-hand information at roadshows in California, New York, Paris and Zurich, as well as in Zürs, Austria. A total of 29 equity analysts and 21 debt analysts regularly provide investment recommendations on RBI. This makes RBI the Austrian company with the largest number of analyst firms reporting on it.

On 21 May, to mark the release of its results for the first quarter of 2015, RBI held a conference call – also available as a webcast – in which roughly 230 international analysts and investors participated. An additional conference call specifically held for bond investors took place in June.

Stock data and details

RBI's stock has been listed on the Vienna Stock Exchange since 25 April 2005. RZB held approximately 60.7 per cent of RBI's stock as at the end of the second quarter of 2015, with the remaining shares in free float.

Share price as at 30 June 2015	€ 13.05
High/low in the second quarter 2015	€ 15.59 / € 12.41
Earnings per share from 1 January to 30 June 2015	€ 0.98
Bookvalue per share as at 30 June 2015	€ 28.33
Market capitalization as at 30 June 2015	€ 3.8 billion
Average daily trading volume in the second quarter 2015 (single count)	784,988 shares
Stock exchange turnover in the second quarter (single count)	€ 660 million
Free float as at 30 June 2015	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 June 2015	292,979,038

Rating details

Rating agency	Long-term rating	Outlook	Short-term rating
Moody's Investors Service	Baa2	negative	P-2
Standard & Poor's	BBB	negative	A-2
Fitch Ratings	BBB	negative	F3

Financial calendar 2015 / 2016

29 October 2015	Start of quiet period
12 November 2015	Third Quarter Report, conference call

17 February 2016	Start of quiet period
16 March 2016	Annual Report 2015, conference call
17 March 2016	RBI Investor Presentation, London
28 April 2016	Start of quiet period
12 May 2016	First Quarter Report, conference call
16 June 2016	Annual General Meeting
23 June 2016	Ex-dividend and dividend payment date
04 August 2016	Start of quiet period
18 August 2016	Semi-Annual Report, conference call
27 October 2016	Start of quiet period
10 November 2016	Third Quarter Report, conference call

Contact for equity and debt investors

E-mail: ir@rbinternational.com
Internet: www.rbinternational.com → Investor Relations
Phone: +43-1-71 707-2089
Fax: +43-1-71 707-2138

Raiffeisen Bank International AG
Group Investor Relations
Am Stadtpark 9
1030 Vienna, Austria

Group management report

Market development

Strong economic indicators in the first half of 2015 also point to healthy economic growth in Central Europe (CE) for the full year. This development is thus somewhat better than was expected at the beginning of the year. By contrast, the outlook for Southeastern Europe (SEE) continues to be mixed; however, economic growth in both regions should markedly exceed the average for the euro area. All three countries (Belarus, Russia and Ukraine) in the region of Eastern Europe (EE) will be marked by recessions in 2015. Western sanctions against Russia and the restrictions on food imports from the EU to Russia, however, are not materially affecting economic growth – either in the euro area or in CE and SEE – owing to the marginal level of direct interdependence.

Central Europe (CE) – the Czech Republic, Hungary, Poland, Slovakia and Slovenia – is the most economically developed CEE region. With the exception of Poland, the CE economies are small, open and highly dependent on exports, primarily to Germany. Following a 3.0 per cent increase in 2014, economic growth in CE is expected to reach 3.5 per cent in 2015. Poland should post the strongest GDP growth, followed by the Czech Republic, Slovakia and Hungary at roughly 3.0 per cent each, while in Slovenia growth of 2.4 per cent is expected in 2015. CE generally benefits from solid economic growth in Germany, the recovery in the euro area and expansionary monetary policies in a number of CE countries. GDP growth rates for 2016 will likely be slightly lower than 2015 levels. After hitting lows in the first quarter of 2015 – in some cases in modest deflationary territory – inflation rates are starting to climb again, but are still at historically very moderate levels.

In Southeastern Europe (SEE) – Albania, Bosnia and Herzegovina, Bulgaria, Croatia, Kosovo, Romania and Serbia – economic output should grow 2.6 per cent in 2015, up from 1.5 per cent in 2014. GDP growth in Romania, which benefits from successfully implemented structural reforms, is expected to reach roughly 4.0 per cent in 2015, and around 3.0 per cent in Albania. GDP growth in most other SEE countries will likely be somewhat weaker in 2015, while Croatia and Serbia will either remain in stagnation or else exhibit only very marginal economic growth. The overall moderate economic growth in SEE is attributable not only to structural adjustments that are still outstanding, but also to the high level of private sector debt, which is only gradually decreasing. Positive growth rates are expected in all SEE countries for 2016.

In Eastern Europe (EE) – Belarus, Russia and Ukraine – the economic situation continues to be challenging, with downside risks dominating in the short term. GDP growth in EE is projected at minus 4.4 per cent in 2015. In line with expectations, the Russian economic slowdown that was already noticeable in 2013 and 2014 deepened into a recession in the first half of 2015 due to renewed downward pressure on crude oil prices and to the sanctions regime. Accordingly, the Russian economy is expected to shrink 4.0 per cent overall in the current year. Consumer demand in Russia fell significantly owing to declining real wages, while the lower oil price compared to the previous year is eroding export revenue. Russia's inflation rate rose sharply in the first quarter of 2015, but stabilized in the second quarter and should significantly decline towards the end of 2015. Moreover, notable currency devaluations in Russia and Ukraine are weighing on consumption and investment in both countries, while exports are hardly benefiting from the increased price competitiveness of Russian and Ukrainian products. Given the continued adjustment recession in Ukraine, its GDP is expected to decline 10 per cent in 2015, with growth also likely to remain subdued in 2016. Belarus, which is heavily impacted by the recession in Russia, is expected to show a GDP decline of 3.5 per cent in 2015. For all EE countries, however, moderately positive growth rates of between 0.5 per cent and 1.5 per cent are expected for 2016.

Annual real GDP growth in per cent

Region/country	**2013**	**2014**	**2015e**	**2016f**
Czech Republic	(0.7)	2.0	3.2	2.4
Hungary	1.5	3.6	3.0	2.5
Poland	1.7	3.4	3.9	3.6
Slovakia	1.4	2.4	3.1	3.5
Slovenia	(1.0)	2.6	2.4	2.3
Central Europe	**1.0**	**3.0**	**3.5**	**3.1**
Albania	1.1	2.0	3.0	4.0
Bosnia and Herzegovina	2.5	0.5	2.5	3.0
Bulgaria	1.1	1.7	2.0	2.1
Croatia	(1.1)	(0.4)	0.5	1.0
Kosovo	3.4	0.5	2.0	3.0
Romania	3.4	2.8	4.0	3.5
Serbia	2.6	(1.8)	0.0	2.5
Southeastern Europe	**2.2**	**1.5**	**2.6**	**2.8**
Russia	1.3	0.6	(4.0)	0.5
Belarus	1.0	1.6	(3.5)	0.5
Ukraine	0.2	(6.8)	(10.0)	1.5
Eastern Europe	**1.2**	**0.2**	**(4.4)**	**0.6**
Austria	**0.3**	**0.4**	**0.7**	**1.8**
Germany	**0.2**	**1.6**	**1.6**	**2.2**
Euro area	**(0.3)**	**0.9**	**1.4**	**1.9**

Source: Raiffeisen Research

Earnings and financial performance

Business development and earnings were heavily impacted in the first half-year by high volatility in numerous currencies. Based on the average exchange rates that are used for the calculation of the income statement, the Russian rouble was 27 per cent below the comparable level of the previous year's period and the Ukrainian hryvnia 40 per cent. In contrast, measured on the basis of the period-end exchange rates relevant to the statement of financial position, the Russian rouble appreciated 16 per cent against the euro in the first half-year (following an annual loss in value of 38 per cent in 2014). The US dollar and Swiss franc also gained 9 per cent and 15 per cent, respectively, while the Ukrainian hryvnia (down 18 per cent) and the Belarusian rouble (down 15 per cent) have lost significant value against the euro year-to-date.

Profit before tax was € 467 million, which represents a year-on-year decline of 10 per cent, or € 51 million. While the operating result was 14 per cent below the previous year's level due to falling net interest income; higher valuation results from derivatives and lower one-off effects than in the previous year (provision for the Settlement Act in Hungary) resulted in an improvement in profit before tax.

Operating income declined 11 per cent year-on-year, or € 303 million, to € 2,444 million. This was primarily attributable to strong currency fluctuations (notably in the Russian rouble and Ukrainian hryvnia). The falling market interest rate level in Central and Southeastern Europe, as well as loan defaults in Asia, had a negative impact on the Group's net interest margin (calculated based on interest-bearing assets), which decreased 33 basis points to 3.00 per cent as a result. Net interest income was down 14 per cent, or € 272 million, to € 1,682 million, mainly due to the mentioned currency devaluations. Despite the currency effects in Eastern Europe, net fee and commission income declined only € 20 million to € 745 million, whereby, in particular, higher income from other banking services, the foreign currency and the securities business, absorbed currency-related declines in income. Net trading income totaled € 2 million, down € 7 million from the previous year's level due to currency devaluations.

General administrative expenses fell 9 per cent year-on-year, or € 131 million, to € 1,388 million. The decline was largely attributable to currency devaluations in Eastern Europe, mainly in Russia and Ukraine. The average number of staff further decreased, with a 2,893 year-on-year reduction to 54,511. The sharp decline in staff expenses resulted not only from currency developments, but also from the release of bonus provisions in the amount of € 76 million following the decision not to pay bonuses for 2014. The number of business outlets was down 153 year-on-year to 2,781. The fact that other administrative expenses remained nearly unchanged, despite currency effects and business outlet reductions, was attributable to expenditures for the resolution fund. The remainder of the resolution fund contributions expected for the full year 2015 was booked in the second quarter, due to a change in interpretation with regard to IFRIC 21.

Net provisioning for impairment losses rose 4 per cent year-on-year, or € 24 million, to € 592 million. As a result of the underlying economic conditions, net provisioning increased for large corporate customers at Group head office and in Asia, as well as for retail and corporate customers in Russia, whereas most other countries posted declines.

Net income from derivatives and liabilities improved € 33 million to minus € 10 million in the reporting period as a result of the valuation of banking book derivatives. In contrast, net income from financial investments declined € 17 million year-on-year to € 61 million, driven by lower gains from securities measured at fair value, as well as by higher impairment charges for equity participations.

Profit after tax fell 12 per cent year-on-year to € 326 million. Profit attributable to non-controlling interests changed from minus € 27 million, by € 12 million, to minus € 38 million. Accordingly, consolidated profit for the first half-year was € 288 million, which corresponds to a decline of 16 per cent, or € 57 million. The average number of shares outstanding in the reporting period was 292.4 million (previous year: 278.5 million). This resulted in earnings per share of € 0.98.

Risk-weighted assets (total RWA) increased by 2 per cent year-to-date to € 69,950 million. The bulk of the increase was attributable to currency appreciation, which impacted not only credit and market risk but also operational risk.

Comparison of results year-on-year

in € million	1/1-30/6/2015	1/1-30/6/2014	Change absolute	Change in %
Net interest income	1,682	1,954	(272)	(13.9)%
Net fee and commission income	745	765	(20)	(2.6)%
Net trading income	2	9	(7)	(81.0)%
Sundry net operating income	15	19	(4)	(21.5)%
Operating income	**2,444**	**2,747**	**(303)**	**(11.0)%**
Staff expenses	(656)	(776)	120	(15.5)%
Other administrative expenses	(578)	(582)	4	(0.7)%
Depreciation	(154)	(161)	7	(4.2)%
General administrative expenses	**(1,388)**	**(1,519)**	**131**	**(8.6)%**
Operating result	**1,056**	**1,228**	**(172)**	**(14.0)%**
Net provisioning for impairment losses	(592)	(568)	(24)	4.3%
Other results	3	(142)	145	–
Profit/loss before tax	**467**	**518**	**(51)**	**(9.8)%**
Income taxes	(141)	(147)	6	(4.0)%
Profit/loss after tax	**326**	**371**	**(45)**	**(12.2)%**
Profit attributable to non-controlling interests	(38)	(27)	(12)	43.1%
Consolidated profit/loss	**288**	**344**	**(57)**	**(16.4)%**

Net interest income

In the first six months of 2015, net interest income fell 14 per cent, or € 272 million, to € 1,682 million year-on-year. Aside from being attributable to a reduced net interest margin, this was also due to currency-related declines in net interest income in Ukraine (down € 65 million) and Russia (down € 50 million), as well as to loan defaults in Asia (down € 29 million). In addition, net interest income declined € 34 million in Poland due to the continuing low market interest rates.

The Group's net interest margin declined 33 basis points year-on-year to 3.00 per cent. This was primarily due to reduced margins in many countries in the Central Europe and Southeastern Europe segments caused by the continued decline in market interest rates in those regions. In addition, the net interest margin fell in Ukraine (higher interest expenses in the local currency for deposits from customers and subordinated capital).

Net fee and commission income

Net fee and commission income fell 3 per cent, or € 20 million, to € 745 million year-on-year, and was largely currency related. Net income from the payment transfer business fell 14 per cent, or € 49 million, to € 306 million, primarily as a result of currency effects in Ukraine and Russia. In contrast, net income from other banking services rose 30 per cent, or € 7 million, to € 32 million, mainly due to income from the M&A business. Net income from the foreign currency, notes/coins and precious metals business improved 4 per cent, or € 7 million, to € 187 million, primarily driven by higher volumes and margins in Russia, Slovakia and Romania. Net income from the management of investment and pension funds grew 44 per cent, or € 7 million, to € 22 million, predominantly due to developments in Croatia and Slovakia. Net income from the securities business rose 11 percent, or € 7 million, to € 70 million, with Romania, Hungary and Group head office accounting for the highest contributions.

Net trading income

Compared to the same period last year, net trading income declined € 7 million to € 2 million. Currency-based transactions fell € 77 million to minus € 104 million. This was mainly attributable to a valuation loss from a hedging transaction related to Russian rouble-denominated dividend income (minus € 70 million) at Group head office and to exchange-rate related valuation losses on foreign currency positions in Ukraine, where net trading income reduced due to the sharp depreciation of the Ukrainian hryvnia (down € 27 million). In contrast, Belarus posted a significant increase due to the discontinuation of hyperinflation accounting – from which minus € 16 million still resulted in the previous year. Moreover, there were positive effects from a strategic currency position and an improved result from proprietary trading. The trend in net income from interest-based transactions was positive, rising € 39 million to € 78 million. In particular, Poland, Russia and the Czech Republic posted valuation gains from securities positions and derivatives. Net income from other transactions also improved € 39 million, after the low interest rate level had a negative impact on the valuation of a guarantee product in the previous year.

Sundry net operating income

Sundry net operating income fell 22 per cent, or € 4 million, to € 15 million year-on-year. Net income from other provisions fell € 6 million, primarily due to higher allocations for restructuring and litigation in Russia. Net income from the disposal of tangible and intangible fixed assets was down € 7 million (in 2014, sales of real estate in Ukraine had produced a positive effect of € 5 million). This contrasted with a € 4 million rise in net income from non-banking activities due to the first-time consolidation of Group units.

General administrative expenses

Compared to the same period last year, general administrative expenses declined € 131 million to € 1,388 million. The cost/income ratio nevertheless increased 1.5 percentage points to 56.8 per cent, particularly due to the reduced net interest income.

At 47 per cent, the largest component in general administrative expenses was staff expenses, which fell 16 per cent, or € 120 million, to € 656 million. Following the decision not to pay bonuses for 2014, there was a resulting release of bonus provisions amounting to € 76 million. Moreover, in Russia (down € 51 million) and in Ukraine (down € 28 million), currency effects were mainly responsible for the sharp decline in staff expenses.

The average number of staff (full-time equivalents) fell by 2,893 year-on-year to 54,511. The biggest declines occurred in Ukraine (down 1,617), Poland (down 527), Hungary (down 225) and Bulgaria (down 152).

Other administrative expenses fell slightly by € 4 million to € 578 million, primarily due to currency effects in Russia (down € 23 million) and Ukraine (down € 9 million). Poland (down € 7 million) posted lower legal, advisory and consulting expenses, as well as lower IT expenses; while deposit insurance fees rose. Expenditures relating to the resolution fund increased expenses at Group head office by € 38 million. Due to a change in interpretation with regard to IFRIC 21, the entire amount of expected contributions for the full year was booked in the first half year.

Depreciation of tangible and intangible fixed assets fell 4 per cent, or € 7 million, year-on-year to € 154 million. Depreciation fell slightly in some countries; whereas the € 3 million decline in Ukraine was due to the currency devaluation. In contrast, impairments of tangible fixed assets in Hungary rose as a result of branch closures.

Net provisioning for impairment losses

Compared to the same period last year, net provisioning for impairment losses rose by a total of 4 per cent, or € 24 million, to € 592 million. This was predominantly due to a € 28 million increase in individual loan loss provisioning to € 583 million, while portfolio-based provisioning fell € 3 million to € 12 million.

The highest net provisioning for impairment losses was recorded in the Group Corporates segment at € 122 million (up € 79 million) for large corporate customers. The continuing unfavorable underlying economic conditions in Russia required a € 44 million increase in net provisioning for impairment losses compared to the same period last year. This amounted to € 113 million in the reporting period and related to both retail and corporate customers. In Ukraine, the provisioning requirement was € 113 million, down € 70 million compared with the same period in the previous year, though this was purely currency related. In contrast, there was a 3 per cent rise in local currency, for which several factors were responsible: Higher net provisioning for foreign currency loans (conversion of foreign currency loans into local currency at an exchange rate below the official exchange rate; foreign currency portfolio with collateral in the local currency), and a higher provisioning requirement for retail and corporate customers in the Donbass region. In Asia, a € 39 million increase in net provisioning for impairment losses was required, mainly for individual cases, while provisions were released for another major loan following a sale. In contrast, the credit risk situation improved significantly in the countries of Southeastern Europe, where net provisioning for impairment losses fell € 51 million to € 83 million year-on-year. The biggest declines were recorded in Croatia (€ 15 million), Bulgaria (€ 13 million) and Romania (€ 9 million). The countries of Central Europe also recorded a € 19 million reduction to € 64 million, with the biggest decline (€ 15 million) in Slovakia, mainly for corporate customers.

The portfolio of non-performing loans rose € 260 million to € 9,099, with currency effects accounting for € 250 million of the increase. Therefore, on a currency-adjusted basis, there was a € 10 million increase in non-performing loans. The largest increases mainly occurred in Asia (up € 217 million), in Russia (up € 142 million), in Poland (up € 74 million) and in Ukraine (up € 31 million). These contrasted with declines in Hungary (down € 331 million – predominantly as a result of The Settlement Act), in Romania (down € 54 million), in the Czech Republic (down € 36 million) and in Bulgaria (down € 28 million). In the reporting period, the NPL ratio rose 0.6 percentage points to 11.9 per cent compared to year-end 2014. Non-performing loans were set against loan loss provisions of € 6,057 million, resulting in a NPL coverage ratio of 66.6 per cent compared to 67.4 per cent at year-end.

The provisioning ratio, based on average volume of loans and advances to customers, increased 0.08 percentage points to 1.49 per cent year-on-year.

Other results

Other results – consisting of net income from derivatives and liabilities, net income from financial investments, bank levies reported in other operating income/expenses, one-off effects and goodwill impairments, as well as net income from the disposal of Group assets – improved from minus € 142 million in the same period last year to plus € 3 million.

Net income from derivatives and liabilities

Net income from derivatives and liabilities increased € 33 million to minus € 10 million in the reporting period, primarily due to net gains from the valuation of banking book derivatives used for hedging purposes at Group head office. In contrast, the change in the credit spread on own liabilities resulted in a valuation loss of € 12 million.

Net income from financial investments

Net income from financial investments fell € 17 million to € 61 million year-on-year. Here, valuation results from the fair value portfolio of securities were € 11 million lower than in the same period in the previous year. Declines in valuation results from fixed-income government bonds linked to the US dollar in Ukraine and valuation losses on various bonds at Group head office, Romania and Hungary, were partly offset by higher valuation gains on bonds in Russia. Net proceeds from sales of securities held in the fair value portfolio were € 4 million lower year-on-year, notably in Hungary and Romania. Impairment charges for equity participations rose € 5 million, primarily relating to real estate and investment companies. The sale of shares in a credit card company resulted in income of € 2 million.

Bank levies, one-off effects and goodwill

The expense for bank levies fell € 32 million to € 68 million in the reporting period. This decline was the result of the release of a provision formed in 2014 in connection with the payment of bank levies in Hungary (down € 21 million), in Slovakia (down € 8 million) and in Austria (down € 2 million).

Moreover, in Hungary, a provision of € 33 million formed in the previous year in connection with the Settlement Act (unilateral interest rate changes for consumer loans) was released. In the previous year, an allocation of € 67 million was made for the first half of 2014 after the plan was announced. Changes in consumer protection legislation in Croatia and Serbia also resulted in a one-off effect in the form of a provision totaling € 8 million in the reporting period. In Croatia, the underlying legislation related to exchange rates used for foreign currency loan disbursements and installments, while in Serbia it involved unilateral rate changes on foreign currency loans.

In addition, there were goodwill impairments of € 3 million for a subsidiary (Ukrainian Processing Center PJSC) in Ukraine.

Net income from the disposal of Group assets

Net income from the disposal of Group assets improved € 9 million to minus € 2 million compared with the same period last year. In the previous year, net income from the disposal of Group assets recorded a loss of € 11 million following the sale of the trading group F.J. Elsner, Vienna. The net income from the disposal of Group assets recorded this year derived from various Group units on grounds of immateriality or due to sale.

Income taxes

Income tax expense fell 4 per cent to € 141 million year-on-year. This was primarily attributable to a tax transfer from RZB AG as Group parent to RBI AG within the context of tax allocation at Group level, which resulted in tax income of € 18 million at Group head office. Some countries recorded varying effects: In Ukraine, deferred tax assets of € 11 million were posted in the previous year due to the capitalization of tax loss carryforwards, which did not occur this year. The tax rate was 30.2 per cent (same period in the previous year: 28.4 per cent).

Comparison of results with the previous quarter

in € million	Q2/2015	Q1/2015	Change absolute	Change in %
Net interest income	862	820	41	5.0%
Net fee and commission income	385	360	25	7.1%
Net trading income	64	(62)	126	–
Sundry net operating income	15	0	15	–
Operating income	**1,326**	**1,118**	**208**	**18.6%**
Staff expenses	(310)	(345)	35	(10.2)%
Other administrative expenses	(303)	(274)	(29)	10.5%
Depreciation	(83)	(71)	(13)	17.8%
General administrative expenses	**(697)**	**(691)**	**(6)**	**0.9%**
Operating result	**629**	**427**	**201**	**47.1%**
Net provisioning for impairment losses	(332)	(260)	(71)	27.4%
Other results	(18)	21	(39)	–
Profit/loss before tax	**279**	**188**	**91**	**48.7%**
Income taxes	(53)	(88)	34	(39.3)%
Profit/loss after tax	**226**	**100**	**126**	**125.9%**
Profit attributable to non-controlling interests	(22)	(17)	(5)	30.7%
Consolidated profit/loss	**204**	**83**	**121**	**144.9%**

Net interest income

Compared to the first quarter of 2015, net interest income rose 5 per cent, or € 41 million, to € 862 million in the second quarter of 2015. The net interest margin (calculated based on interest-bearing assets) improved 13 basis points from the previous quarter to 3.07 per cent. This positive trend was primarily attributable to higher interest income from derivatives at Group head office (up € 36 million).

Net fee and commission income

Net fee and commission income rose 7 per cent, or € 25 million, compared to the first quarter of 2015 to € 385 million. The rise was due to both currency developments and seasonal factors. The largest increase – 6 per cent, or € 9 million, to € 158 million – was in net income from the payment transfer business, due to higher volumes and currency appreciation in Russia, as well as seasonal effects in Slovakia. Net income from the loan and guarantee business also improved 15 per cent, or € 7 million, to € 56 million, mainly as a result of higher guarantee commissions at Group head office. Net income from other banking services increased € 7 million to € 19 million, primarily due to income from the M&A business and also volume and currency developments in Russia. Net income from the foreign currency, notes/coins, and precious metals business increased € 4 million to € 95 million as a result of higher volumes, especially in Romania.

Net trading income

Compared to the previous quarter, net trading income improved € 126 million to € 64 million. This was triggered by an increase in net income from currency-based transactions, primarily in Ukraine as a result of a reduction in foreign currency positions, where the significant hryvnia devaluation led to considerable valuation losses in the first quarter. Losses were also recorded at Group head office as a result of a hedging transaction related to Russian rouble-denominated dividend income, which was terminated in April; at € 53 million, the majority of the total loss of € 70 million originated from the first quarter. In contrast, net income decreased in Russia and Hungary, primarily as a result of valuation losses on derivatives and foreign currency positions and in Belarus due to lower results from an economic hedge against the capital position. On the other hand, interest-based business mainly decreased at Group head office and in Romania, primarily as a result of valuation losses and lower interest income from derivatives and securities positions.

Sundry net operating income

In the second quarter of 2015, sundry net operating income rose € 15 million compared to the previous quarter to € 15 million. This was mainly due to a € 4 million increase in net income from investment property resulting from the first-time consolidation of subsidiaries. In Slovakia, sundry operating expenses in the first quarter of 2015 increased € 5 million due to losses in connection with a business transaction.

General administrative expenses

At € 697 million in the second quarter of 2015, general administrative expenses were up 1 per cent, or € 6 million, from € 691 million in the previous quarter. In the second quarter of 2015, staff expenses fell 10 per cent, or € 35 million, to € 310 million. This was mainly due to the release of bonus provisions totaling € 76 million, following the decision not to pay a bonus for 2014. Other administrative expenses increased 11 per cent, or € 29 million, to € 303 million. This was mainly attributable to the expenses for the resolution fund at Group head office, the remainder of which was posted in the second quarter of 2015 for the entire year, while only the accrued amount was booked in the first quarter. Expenses also increased as a result of currency movements in Russia and costs connected with the closure of branches in Hungary – in the form of provisions for expected expenses from the cancellation of lease contracts. Depreciation of tangible and intangible fixed assets rose 18 per cent, or € 13 million, from the previous quarter to € 83 million. This was due to impairments in connection with the closure of branches in Hungary and valuation impairments relating to buildings in Ukraine.

Net provisioning for impairment losses

Compared to the previous quarter, net provisioning for impairment losses rose 27 per cent, or € 71 million, to € 332 million. This was mainly attributable to the development of corporate customer business at Group head office and in Asia. Overall, individual loan loss provisioning rose € 144 million, while releases of portfolio-based loan loss provisions increased € 73 million. The portfolio of non-performing loans fell € 469 million in the second quarter, to € 9,099 million, due to the Settlement Act in Hungary and currency effects. The organic decline of € 293 million in non-performing loans was mainly due to Central Europe (down € 313 million and Southeastern Europe (down € 73 million). The NPL ratio remained stable at 11.9 per cent. The NPL coverage ratio was 66.6 per cent compared to 65.9 per cent in the first quarter of 2015.

Other results

Other results fell from € 21 million in the first quarter of 2015 to minus € 18 million in the second quarter of 2015.

Net income from derivatives and liabilities

Net income from derivatives and liabilities fell € 49 million from the previous quarter to minus € 29 million, mainly due to net income from the change in the credit spread of own issues (down € 41 million).

Net income from financial investments

Net income from financial investments declined € 67 million from the previous quarter to minus € 3 million. This was primarily attributable to a € 77 million decrease in the valuation result from securities in the fair value portfolio, notably in Ukraine. In the first quarter, US-dollar-indexed securities still produced a significantly positive valuation result due to currency effects. In contrast, impairment charges relating to equity participations fell € 5 million. Net proceeds from sales of securities from the fair value portfolio increased € 5 million compared to the previous quarter.

Bank levies, one-off effects and goodwill

Bank levies amounted to € 4 million in the second quarter of 2015 (previous quarter: € 64 million). This decline was primarily attributable to the release of a provision of € 21 million in the second quarter in Hungary, which was formed in the previous year, and to the posting of the levy for the full year 2015, pursuant to IFRIC 21, in the first quarter.

In Hungary, the implementation of the Settlement Act, adopted by the government in the previous year, resulted in the partial release of the provision formed in the previous year for the Settlement Act in a further amount of € 25 million. An amount of € 9 million was released in the first quarter. As a result of changed consumer protection legislation in Croatia and Serbia, sundry operating expenses in the first quarter of 2015 included a one-off effect in the form of a provision of € 8 million. No further expenses were incurred in the second quarter.

Finally, goodwill impairments of € 3 million were included for a subsidiary (Ukrainian Processing Center PJSC) in Ukraine in the second quarter of 2015.

Income taxes

Income tax expense declined € 34 million from the previous quarter to € 53 million. This was primarily due to tax income of € 18 million at Group head office in relation to a tax transfer as well as to earnings-driven declines, especially in Asia and Russia. The tax rate thus amounted to only 19.1 per cent (previous quarter: 46.7 per cent).

Statement of financial position

Total assets declined 2 per cent year-to-date, or € 1,890 million, to € 119,734 million. As a result of currency developments – primarily the appreciation of the Russian rouble (up 16 per cent) and of the US dollar (up 9 per cent) against the euro – total assets would have increased roughly € 3 billion; however on an organic basis total assets fell nearly € 5 billion.

Assets

in € million	30/6/2015	Share	31/12/2014	Share
Loans and advances to banks (less impairment losses)	12,920	10.8%	15,459	12.7%
Loans and advances to customers (less impairment losses)	70,237	58.7%	71,971	59.2%
Financial investments	17,765	14.8%	17,916	14.7%
Other assets	18,812	15.7%	16,278	13.4%
Total assets	**119,734**	**100.0%**	**121,624**	**100.0%**

Loans and advances to banks before deduction of loan loss provisions decreased € 2,536 million year-to-date to € 13,038 million. This was mainly attributable to a decrease in short-term receivables from money market business – predominantly at Group head office – of € 2,230 million to € 8,692 million; while the cash reserve increased. At the same time, receivables from repurchase agreements were down € 3,466 million to € 1,147 million; whereas receivables from securities lending transactions were up € 974 million to € 1,195 million.

Loans and advances to customers before deduction of loan loss provisions declined € 1,631 million, or 2 per cent, to € 76,295 million. This included a € 2,299 million reduction in loans to large corporate customers to € 46,283 million, largely at Group head office and in Asia. Loans and advances to retail customers increased € 726 million to € 25,661 million, mainly driven by organic growth in Slovakia and the Czech Republic and currency developments in Poland and Russia; whereas, in Hungary, the volume of foreign currency loans reduced due to the implementation of the Settlement Act, which was adopted in the previous year.

Growth in other assets of € 2,533 million to € 18,812 million primarily resulted from the cash reserve increase.

Equity and liabilities

in € million	30/6/2015	Share	31/12/2014	Share
Deposits from banks	21,732	18.2%	22,408	18.4%
Deposits from customers	67,018	56.0%	66,094	54.3%
Equity and subordinated capital	13,126	11.0%	12,487	10.3%
Other liabilities	17,859	14.9%	20,634	17.0%
Total equity and liabilities	**119,734**	**100.0%**	**121,624**	**100.0%**

The refinancing volume via banks (mostly commercial banks) fell € 676 million to € 21,732 million, largely attributable to a reduction in long-term deposits at Group head office, as well as in Romania, Poland and Russia.

Deposits from customers rose € 924 million to € 67,018 million, with deposits from private individuals and sovereigns in particular posting increases. The € 2,120 million increase in deposits from private individuals to € 28,906 million came largely from Russia (entirely currency related), as well as from Slovakia and the Czech Republic. Deposits from sovereigns – primarily due to the developments at Group head office and in Russia – increased € 933 million to € 2,083 million. In contrast, deposits from large corporate customers dropped € 2,224 million to € 29,065 million, with the largest declines recorded at Group head office and in Hungary; whereas Russia (entirely currency-related) and Slovakia recorded gains.

Other liabilities fell € 2,776 million to € 17,859 million, with debt securities decreasing € 1,966 million – mainly due to lower refinancing needs – and trading liabilities decreased € 909 million.

The funding structure is as follows:

in € million	30/6/2015	Share	31/12/2014	Share
Customer deposits	67,018	66.0%	66,094	64.0%
Medium- and long-term refinancing	15,601	15.4%	17,916	17.2%
Short-term refinancing	14,758	14.4%	15,085	14.7%
Subordinated liabilities	4,343	4.3%	4,185	4.1%
Total	**101,720**	**100.0%**	**103,281**	**100.0%**

The ratio of customer loans to customer deposits improved 2 percentage points year-to-date to 105 per cent. Excluding the Non-Core segment, it would have been at 101 per cent.

Equity on the statement of financial position

Equity on the statement of financial position, consisting of consolidated equity, consolidated profit and non-controlling interests, increased 6 per cent versus the end of 2014, or € 481 million, to € 8,783 million.

Total comprehensive income of € 579 million consisted of profit after tax of € 326 million and other comprehensive income of € 253 million. Currency translation differences of € 239 million constituted the largest item in other comprehensive income. The key drivers here were the 16 per cent appreciation of the Russian rouble and 2 per cent appreciation of the Polish zloty, whereas the Ukrainian hryvnia and Belarus rouble depreciated 18 per cent and 15 per cent, respectively. In contrast, a negative effect of € 387 million resulted from the depreciation of the Ukrainian hryvnia in the comparable period of the previous year.

Total capital pursuant to the CRR/BWG

The consolidated figures shown below have been calculated in accordance with the provisions of the Capital Requirements Regulation (CRR) and Austrian Banking Act (BWG). A mid-year examination of the interim profits was carried out, based on a review by the auditor, so that the interim profits are eligible for inclusion in the calculation of total capital.

As of 30 June 2015, total capital amounted to € 11,612 million. This represents an increase of € 608 million compared to the 2014 year-end figure. At the same time, common equity tier 1 was up € 484 million, resulting mainly from the inclusion of interim profits in the amount of € 289 million, as well as currency translation differences of € 239 million, primarily attributable to the positive development of the Russian rouble and Polish zloty. In contrast, the CRR transitional provisions led to a decline, due to deductions and the lower allowance for minority interests. Tier 2 capital increased € 143 million to € 3,670 million, largely due to currency developments.

Total capital compared to a total capital requirement of € 5,596 million. The total capital requirement for credit risk came to € 4,598 million, which corresponds to an increase of € 34 million that was mainly due to the loss of third-country recognition status in Serbia and Bosnia and Herzegovina, as well as to currency appreciation (Russian rouble, US dollar, Swiss franc), partly offset by exposure reductions and impairments. The total capital requirement for position risk in bonds, equities, commodities and open currency positions rose € 36 million to € 290 million, primarily resulting from higher volatility in the internal model induced by interest effects. The total capital requirement for operational risk stood at € 709 million (€ 29 million increase).

Based on total risk, the common equity tier 1 ratio (transitional) was 11.4 per cent and the total capital ratio (transitional) was 16.6 per cent (including half-year results).

Excluding the transitional provisions as defined within the CRR, the common equity tier 1 ratio (fully loaded) amounted to 10.7 per cent (including half-year results).

Risk management

For information on risk management, please refer to note (32) Risks arising from financial instruments, in the risk report section of the interim consolidated financial statements.

Outlook for RBI

We are planning an aggregate gross risk-weighted asset (total RWA) reduction of € 16 billion in selected markets by the end of 2017 (based on total RWA as at 31 December 2014: € 68.7 billion). We intend to partly offset the reduction with growth in other business areas.

After the implementation of the new strategic measures, the cost base should be 20 per cent below the level of 2014 (at constant prices and foreign exchange rates; general administrative expenses 2014: € 3,024 million). We further aim to achieve a cost/income ratio of between 50 and 55 per cent in the medium term.

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. The full year 2015 consolidated result may be negative as the majority of the restructuring costs (around € 550 million in total) are expected to be booked in 2015.

We expect net provisioning for impairment losses to remain elevated in 2015; however, we anticipate that the requirement will be below the level of the previous year (2014: € 1,716 million).

We target a CET1 ratio (fully loaded) of 12 per cent and a total capital ratio (fully loaded) of 16 per cent by the end of 2017.

Events after the reporting date

Change to Management Board: Andreas Gschwenter becomes new COO/CIO of RBI

Andreas Gschwenter assumed the role of Chief Operating Officer (COO) and Chief Information Officer (CIO) of RBI on 1 July 2015. Gschwenter succeeds Aris Bogdaneris, who left the bank in March. Born in early 1969, he holds a degree in business administration and as COO and CIO of Raiffeisen Bank AVAL in Ukraine was head of the IT, Operations and Cost Management areas there from 2010.

Retail banking (for which Aris Bogdaneris was responsible up until his departure) will continue to be run by Klemens Breuer alongside his responsibilities for the Group Markets area.

Polish draft bill on FX mortgage loans

During the night from the 5th to the 6th of August 2015, the lower house of the Polish parliament passed a draft bill for the conversion of FX mortgage loans. This bill would give private borrowers the right to convert loans at a fixed exchange rate given certain conditions, whereby the banks would have to carry 90 per cent of the burden of the conversion. There are still further legislative steps necessary for this draft bill to become law. The Polish parliament has, however, already been presented with legal opinions which question the constitutionality of the draft bill.

As of 30th of June 2015, the Polish unit of Raiffeisen Bank International AG had Swiss Franc exposure of approximately equivalent to € 3.2 billion. As the bill has not yet passed into law and as such the final parameters are not yet available, the exact impact it will have on RBI cannot be precisely calculated, at this point in time.

RBI to sell Russian Non-State Pension Fund (ZAO NPF Raiffeisen)

In mid-June 2015, AO Raiffeisenbank, Moscow, and BIN Group reached an agreement on the sale of ZAO NPF Raiffeisen, Moscow, and signed a set of binding documents on the deal. As required by applicable law, they filed a request to approve the transaction with the Federal Antimonopoly Service and the Central Bank of the Russian Federation. The sale will be closed after the parties receive all necessary approvals from regulators.

ZAO NPF Raiffeisen is a top-20 Russian non-state pension fund and was founded in 2004. The Fund manages roughly € 550 million in assets; in roubles, its asset base has more than quadrupled over the last three years. It manages over 250,000 pension accounts and offers a complete range of pension products for both corporate and private customers: corporate pension programs, mandatory pension insurance and individual pension plans.

Segment reports

The details on the division of the segments are explained in the segment reports section of the consolidated financial statements.

Central Europe

in € million	1/1-30/6 2015	1/1-30/6 2014	Change	Q2/2015	Q1/2015	Change
Operating income	532	530	0.3%	260	272	(4.3)%
General administrative expenses	(294)	(302)	(2.8)%	(144)	(150)	(3.5)%
Operating result	**238**	**228**	**4.3%**	**116**	**122**	**(5.3)%**
Net provisioning for impairment losses	(64)	(83)	(22.8)%	(42)	(22)	94.2%
Other results	(9)	(111)	(92.0)%	29	(38)	–
Profit/loss before tax	**165**	**33**	**393.7%**	**102**	**62**	**64.7%**
Assets	25,079	23,325	7.5%	25,079	25,131	(0.2)%
Net interest margin (average interest-bearing assets)	2.75%	3.19%	(0.44) PP	2.71%	2.79%	(0.08) PP
Return on equity before tax	**19.3%**	**2.9%**	**16.5 PP**	**24.0%**	**14.6%**	**9.5 PP**

In Central Europe, profit before tax rose € 131 million year-on-year to € 165 million on the back of one-off effects (Settlement Act and lower bank levies) and lower net provisioning for impairment losses.

Operating income

The Central Europe segment's net interest income fell 6 per cent year-on-year to € 329 million. This included declines in Hungary and Slovakia as well as an increase in the Czech Republic. Interest income in Hungary decreased € 19 million as a result of lower interest income from derivatives and securities and a low market interest rate level. In Slovakia, lower interest rates also reduced net interest income by € 10 million; whereas, in the Czech Republic, higher interest income from derivatives and lower interest rates in the deposit business increased net interest income by € 8 million. The segment's net interest margin fell 44 basis points year-on-year to 2.75 per cent. Total assets rose 8 per cent year-on-year to € 25,079 million, while risk-weighted assets (RWA total) reduced 9 per cent from € 14,966 million to € 13,649 million. This was largely due to the adoption of the Settlement Act in Hungary, which reduced roughly € 395 million from RWA in the retail business.

Net fee and commission income in the segment increased 7 per cent, or € 12 million, to € 197 million year-on-year. This included an increase of € 8 million, or 53 per cent, to € 22 million in net income from the loan and guarantee business, which was primarily driven by business developments in Slovakia. Net income from the foreign currency, notes/coins, and precious metals business increased € 4 million to € 41 million as a result of higher volumes in Slovakia and Hungary. Net income from the management of investment and pension funds and from other banking services improved € 3 million and € 2 million, respectively. In contrast, net income from the payment transfer business fell € 6 million, or 6 per cent, to € 96 million due to lower volumes and margins – predominantly in Hungary and the Czech Republic.

The segment's net trading income was up € 18 million to € 26 million. This included a € 14 million year-on-year increase in net income from currency-based transactions to € 18 million, attributable to valuation gains on currency-based derivatives in the Czech Republic and valuation gains on foreign currency positions in Hungary. Net income from interest-based transactions also rose year-on-year, up € 4 million to € 8 million. Valuation losses were recorded in Hungary, while gains were posted in the Czech Republic and Slovakia from the valuation and sale of securities and interest-based derivatives.

Sundry net operating income for the region fell € 7 million to minus € 20 million, primarily due to a € 3 million drop in net income from the disposal of tangible fixed assets and € 5 million losses in connection with a business transaction in Slovakia.

General administrative expenses

The segment's general administrative expenses declined € 8 million year-on-year to € 294 million. The decline can be solely attributed to a reduction in staff expenses (down € 14 million) following the release of bonus provisions. Other administrative expenses rose € 3 million. This included an increase of € 3 million, in Hungary and the Czech Republic, in contributions to resolution funds. Moreover, expenses for deposit insurance fees were up € 1 million, particularly in Hungary and the Czech Republic. Depreciation of tangible fixed assets also rose due to the closure of Hungarian branches (€ 3 million). The number of business outlets in the segment decreased by 23 to 407 year-on-year, mainly as a result of the branch closures in Hungary. The cost/income ratio in the region improved 1.7 percentage points to 55.3 per cent.

Net provisioning for impairment losses

At € 64 million, net provisioning for impairment losses in the Central Europe segment was € 19 million lower year-on-year. This item declined in all three countries: In Slovakia, net provisioning for impairment losses were down € 15 million to € 8 million, mainly in relation to corporate customers. In the Czech Republic, net provisioning for impairment losses fell € 3 million year-on-year to € 19 million due to improvements in the economic environment and the sale of a large corporate customer's fully impaired loan. Hungary's net provisioning for impairment losses totaled € 37 million during the reporting period, thus risk costs were 4 per cent lower than the previous year's level. The proportion of non-bank non-performing loans in the Central Europe segment's loan portfolio decreased 3.3 percentage points to 8.4 per cent year-on-year.

Other results and taxes

The Central Europe segment's other results increased € 103 million to minus € 9 million year-on-year.

During the reporting period, € 33 million in provisions for liabilities and charges were released in Hungary relating to changed legislation, which was adopted last year. This followed € 67 million in provisions for liabilities and charges that were necessary for the Settlement Act in the previous year. This law related to the foreign exchange margins which can be applied to foreign currency loan disbursement and installments, as well as unilateral rate changes on consumer loans.

The bank levies contained in the other results fell € 29 million to € 26 million. A 20 basis point reduction in the tax rate in Slovakia lowered bank levies by € 8 million, while the decline in Hungary was attributable to the release of € 22 million in provisions for liabilities and charges. The provisions had been recognized in 2014, following a tax audit, and were released after a positive decision by the tax authority.

Net income from derivatives and liabilities reversed from plus € 4 million in the previous year's period to minus € 10 million in the reporting period. This change was primarily due to net income from hedging to adjust the currency and interest rate structure in the Czech Republic.

Net income from financial investments declined € 11 million year-on-year to minus € 5 million. The valuation and sale of securities from the fair value portfolio led to a € 8 million decline in net income from financial investments, mainly as a result of bonds in Hungary. Another contributing factor was a € 3 million increase in impairment charges for equity participations in Hungary.

The deconsolidation of Group units – primarily leasing companies – in Hungary and the Czech Republic led to a loss of € 1 million, compared to a gain of € 1 million in the previous year's period.

Income tax expense in the segment increased 19 per cent to € 38 million, particularly in Slovakia and the Czech Republic, due to an increase in current tax expense associated with higher net income for the period. The tax rate was 23 per cent in the reporting period.

Detailed results of individual countries:

Czech Republic

in € million	1/1-30/6 2015	1/1-30/6 2014	Change	Q2/2015	Q1/2015	Change
Net interest income	118	111	6.8%	60	58	3.3%
Net fee and commission income	51	53	(4.1)%	26	25	1.9%
Net trading income	17	(1)	–	12	5	128.0%
Sundry net operating income	4	4	10.9%	2	2	7.7%
Operating income	**190**	**167**	**14.0%**	**100**	**91**	**10.0%**
General administrative expenses	(93)	(96)	(3.2)%	(44)	(49)	(9.2)%
Operating result	**97**	**71**	**37.2%**	**56**	**42**	**32.3%**
Net provisioning for impairment losses	(19)	(22)	(12.7)%	(16)	(3)	431.9%
Other results	(10)	5	–	(7)	(3)	106.4%
Profit/loss before tax	**69**	**54**	**27.9%**	**33**	**36**	**(8.3)%**
Income taxes	(14)	(11)	34.5%	(7)	(7)	(8.0)%
Profit/loss after tax	**54**	**43**	**26.3%**	**26**	**28**	**(8.4)%**
Risk-weighted assets (total RWA)	5,171	–	–	5,171	5,064	2.1%
Assets	8,504	7,471	13.8%	8,504	8,302	2.4%
Loans and advances to customers	6,814	6,113	11.5%	6,814	6,521	4.5%
hereof corporate %	45.1%	43.8%	1.3 PP	45.1%	44.7%	0.4 PP
hereof retail %	54.2%	55.6%	(1.4) PP	54.2%	54.7%	(0.4) PP
hereof foreign currency %	13.3%	11.9%	1.4 PP	13.3%	12.4%	0.8 PP
Deposits from customers	6,160	5,272	16.9%	6,160	5,840	5.5%
Loan/deposit ratio (net)	106.5%	111.1%	(4.6) PP	106.5%	107.4%	(0.9) PP
Equity	879	758	16.1%	879	889	(1.1)%
Return on equity before tax	16.3%	15.2%	1.1 PP	15.4%	16.9%	(1.5) PP
Return on equity after tax	12.9%	12.2%	0.7 PP	12.2%	13.4%	(1.2) PP
Cost/income ratio	48.8%	57.4%	(8.7) PP	44.3%	53.7%	(9.4) PP
Net interest margin (average interest-bearing assets)	2.93%	3.15%	(0.22) PP	2.98%	2.90%	0.07 PP
Employees as at reporting date	2,708	2,719	(0.4)%	2,708	2,725	(0.6)%
Business outlets	125	129	(3.1)%	125	125	0.0%
Customers	396,998	391,620	1.4%	396,998	394,073	0.7%

Hungary

in € million	1/1-30/6 2015	1/1-30/6 2014	Change	Q2/2015	Q1/2015	Change
Net interest income	63	82	(23.0)%	28	36	(22.3)%
Net fee and commission income	63	60	5.1%	32	31	5.1%
Net trading income	5	7	(22.8)%	(2)	8	–
Sundry net operating income	(19)	(19)	(1.3)%	(10)	(8)	22.4%
Operating income	**113**	**130**	**(13.2)%**	**47**	**65**	**(28.0)%**
General administrative expenses	(90)	(89)	1.6%	(48)	(42)	16.3%
Operating result	**23**	**41**	**(44.9)%**	**(1)**	**24**	**–**
Net provisioning for impairment losses	(37)	(38)	(3.8)%	(23)	(14)	63.9%
Other results	9	(100)	–	40	(31)	–
Profit/loss before tax	**(5)**	**(97)**	**(95.1)%**	**16**	**(21)**	**–**
Income taxes	0	(3)	(99.5)%	0	0	–
Profit/loss after tax	**(5)**	**(100)**	**(95.3)%**	**16**	**(21)**	**–**
Risk-weighted assets (total RWA)	3,035	–	–	3,035	3,812	(20.4)%
Assets	6,340	6,069	4.5%	6,340	6,708	(5.5)%
Loans and advances to customers	4,106	4,951	(17.1)%	4,106	4,608	(10.9)%
hereof corporate %	58.5%	52.7%	5.8 PP	58.5%	55.7%	2.8 PP
hereof retail %	27.3%	33.6%	(6.2) PP	27.3%	31.8%	(4.4) PP
hereof foreign currency %	44.9%	63.6%	(18.7) PP	44.9%	43.5%	1.4 PP
Deposits from customers	3,908	3,882	0.7%	3,908	4,082	(4.3)%
Loan/deposit ratio (net)	87.9%	104.1%	(16.3) PP	87.9%	90.8%	(2.9) PP
Equity	462	312	48.0%	462	315	46.8%
Return on equity before tax	–	–	–	16.2%	–	–
Return on equity after tax	–	–	–	16.2%	–	–
Cost/income ratio	79.9%	68.3%	11.6 PP	102.6%	63.5%	39.1 PP
Net interest margin (average interest-bearing assets)	2.07%	2.84%	(0.78) PP	1.86%	2.26%	(0.39) PP
Employees as at reporting date	2,123	2,407	(11.8)%	2,123	2,234	(5.0)%
Business outlets	101	122	(17.2)%	101	114	(11.4)%
Customers	558,127	595,456	(6.3)%	558,127	565,198	(1.3)%

Slovakia

in € million	1/1-30/6 2015	1/1-30/6 2014	Change	Q2/2015	Q1/2015	Change
Net interest income	148	158	(6.4)%	74	74	0.7%
Net fee and commission income	83	72	15.2%	41	41	(0.3)%
Net trading income	4	2	68.4%	0	3	(87.6)%
Sundry net operating income	(5)	2	–	(3)	(3)	(3.7)%
Operating income	**229**	**234**	**(2.1)%**	**113**	**116**	**(2.1)%**
General administrative expenses	(111)	(118)	(5.6)%	(52)	(59)	(12.6)%
Operating result	**118**	**116**	**1.5%**	**61**	**56**	**8.9%**
Net provisioning for impairment losses	(8)	(23)	(63.8)%	(3)	(5)	(30.1)%
Other results	(9)	(16)	(47.2)%	(4)	(4)	8.3%
Profit/loss before tax	**101**	**76**	**31.6%**	**53**	**47**	**13.0%**
Income taxes	(24)	(19)	27.1%	(13)	(11)	10.0%
Profit/loss after tax	**76**	**57**	**33.1%**	**41**	**36**	**14.0%**
Risk-weighted assets (total RWA)	5,444	–	–	5,444	5,467	(0.4)%
Assets	10,250	9,797	4.6%	10,250	10,125	1.2%
Loans and advances to customers	7,866	7,098	10.8%	7,866	7,615	3.3%
hereof corporate %	47.5%	47.1%	0.4 PP	47.5%	47.3%	0.2 PP
hereof retail %	52.4%	52.6%	(0.3) PP	52.4%	52.5%	(0.1) PP
hereof foreign currency %	0.9%	1.0%	(0.1) PP	0.9%	1.0%	(0.1) PP
Deposits from customers	7,872	7,420	6.1%	7,872	7,574	3.9%
Loan/deposit ratio (net)	96.9%	92.6%	4.3 PP	96.9%	97.3%	(0.5) PP
Equity	947	952	(0.5)%	947	1,050	(9.9)%
Return on equity before tax	20.4%	15.3%	5.1 PP	22.4%	19.0%	3.4 PP
Return on equity after tax	15.5%	11.5%	4.0 PP	17.1%	14.4%	2.7 PP
Cost/income ratio	48.7%	50.5%	(1.8) PP	45.9%	51.4%	(5.5) PP
Net interest margin (average interest-bearing assets)	3.02%	3.41%	(0.40) PP	2.99%	3.04%	(0.05) PP
Employees as at reporting date	3,733	3,686	1.3%	3,733	3,721	0.3%
Business outlets	181	179	1.1%	181	180	0.6%
Customers	807,156	782,799	3.1%	807,156	788,576	2.4%

Southeastern Europe

in € million	1/1-30/6 2015	1/1-30/6 2014	Change	Q2/2015	Q1/2015	Change
Operating income	610	641	(4.9)%	315	295	6.6%
General administrative expenses	(321)	(332)	(3.5)%	(162)	(159)	2.1%
Operating result	**289**	**309**	**(6.3)%**	**153**	**136**	**12.0%**
Net provisioning for impairment losses	(83)	(134)	(38.1)%	(42)	(41)	2.9%
Other results	(10)	6	–	(4)	(6)	(42.9)%
Profit/loss before tax	**196**	**180**	**8.8%**	**107**	**89**	**19.9%**
Assets	21,299	20,885	2.0%	21,299	21,432	(0.6)%
Net interest margin (average interest-bearing assets)	3.97%	4.31%	(0.33) PP	4.11%	3.83%	0.28 PP
Return on equity before tax	**23.1%**	**15.5%**	**7.5 PP**	**25.4%**	**21.4%**	**4.0 PP**

Despite pressure on the operating income of banks in Southeastern Europe, caused by the lower market interest rate level, the segment's net income was 9 per cent higher than in the previous year due to the significant improvement in the credit risk situation in most markets.

Operating income

Net interest income fell 5 per cent, or € 19 million, to € 398 million year-on-year. Net interest income declined in all countries in the segment, with the exception of Kosovo. The largest reductions, of € 5 million each, were reported in Croatia and Serbia; where, in particular, lower market interest rates led to a drop in net interest income. Low interest rates were also mainly responsible for the negative developments in other countries in the region. The net interest margin declined 33 basis points to 3.97 per cent. Total assets increased 2 per cent to € 21,299 million. Risk-weighted assets (total RWA) were down 3 per cent to € 14,316 million.

Net fee and commission income increased 3 per cent, or € 6 million, to € 178 million year-on-year. Net income from the foreign currency, notes/coins and precious metals business increased € 3 million to € 37 million, driven by higher volumes and margins, mainly in Romania and Bulgaria. A significant 50 per cent increase to € 8 million was reported in net income from the management of investment and pension funds in Croatia. Net income from the securities business increased 10 per cent to € 9 million; supported by higher income, mainly in Romania. In contrast, net income from loan and guarantee business declined 5 per cent to € 11 million.

Net trading income in Southeastern Europe fell € 7 million to € 25 million year-on-year. Reductions in income in Croatia, Romania, Bulgaria and Albania were mainly responsible for the € 8 million decline from interest-based transactions to € 9 million. These countries reported declines due to lower volumes and lower interest rates. Net income from currency-based transactions improved € 1 million to € 16 million.

Sundry net operating income fell € 11 million to €8 million year-on-year. This was mainly due to lower net income from non-banking activities in Romania and higher allocations to other provisions.

General administrative expenses

General administrative expenses fell 4 per cent, or € 12 million, to € 321 million year-on-year. Staff expenses were down 4 per cent, or € 5 million, to € 142 million. Besides the release of bonus provisions for 2014, general administrative expenses declined due to lower social insurance taxes in Romania and a reduced headcount in Bosnia and Herzegovina. Other administrative expenses fell 3 per cent, or € 4 million, to € 143 million, largely as a result of a decrease in office space expenses in Romania and Croatia, as well as lower security expenses in Romania. In contrast, legal, advisory and consulting expenses increased in Romania, as did expenses for deposit insurance in Romania, Serbia and Croatia. Depreciation was down 6 per cent, or € 2 million, to € 36 million. The cost/income ratio rose 0.7 percentage points to 52.6 per cent.

Net provisioning for impairment losses

Net provisioning for impairment losses of € 83 million was € 51 million lower than in the corresponding period of the previous year. The largest declines were reported in Croatia, Bulgaria and Romania: In Croatia, the provisioning requirement fell € 15 million above all in the large corporate customer business due to increased debt collection activity and restructuring measures. In Bulgaria, net provisioning for impairment losses fell €13 million, after higher impairment losses for corporate customers were reported and retail loan collateral valuations had to be reduced in the comparable period of the previous year. In Romania, net provisioning for impairment losses fell € 9 million due to the improved risk profile of retail customers. The proportion of non-bank non-performing loans in the segment's loan portfolio decreased 1.7 percentage points to 12.8 per cent.

Other results and taxes

Other results totaled minus € 10 million in the reporting period compared to plus € 6 million in the same period of the previous year. This was mainly due to government measures in Croatia (rates of foreign currency loans fixed for one year) and Serbia (new regulations relating to unilateral changes in interest rates on consumer loans linked to foreign currencies), which resulted in expenses of € 8 million. In addition, the deconsolidation of a Bulgarian Group unit led to a loss of € 2 million. The € 9 million reduction in net income from financial investments in the fair value portfolio was attributable to valuation losses and lower net proceeds from the sale of securities, above all in Romania. This compared to a positive effect of € 2 million from the sale of shares in a credit card company in Romania.

The tax expense remained unchanged at € 26 million year-on-year, while the tax rate fell 1 percentage point to 14 per cent.

Detailed results of individual countries:

Albania

in € million	1/1-30/6 2015	1/1-30/6 2014	Change	Q2/2015	Q1/2015	Change
Net interest income	37	41	(9.9)%	19	18	5.5%
Net fee and commission income	5	5	0.0%	3	2	20.0%
Net trading income	8	10	(17.1)%	4	4	8.7%
Sundry net operating income	0	0	–	0	0	–
Operating income	**50**	**55**	**(9.7)%**	**26**	**24**	**8.6%**
General administrative expenses	(21)	(20)	2.3%	(10)	(10)	1.8%
Operating result	**29**	**35**	**(16.6)%**	**16**	**14**	**13.6%**
Net provisioning for impairment losses	(10)	(12)	(15.6)%	(5)	(5)	1.1%
Other results	0	0	–	0	0	–
Profit/loss before tax	**20**	**23**	**(16.5)%**	**11**	**9**	**24.0%**
Income taxes	(2)	(4)	(32.2)%	(1)	(1)	(13.2)%
Profit/loss after tax	**17**	**20**	**(13.7)%**	**10**	**7**	**30.5%**
Risk-weighted assets (total RWA)	1,672	–	–	1,672	1,678	(0.4)%
Assets	2,034	1,966	3.5%	2,034	1,993	2.0%
Loans and advances to customers	923	892	3.6%	923	942	(1.9)%
hereof corporate %	71.5%	69.5%	2.0 PP	71.5%	72.5%	(1.0) PP
hereof retail %	28.5%	30.5%	(2.0) PP	28.5%	27.5%	1.0 PP
hereof foreign currency %	60.1%	71.0%	(10.8) PP	60.1%	61.3%	(1.1) PP
Deposits from customers	1,699	1,647	3.1%	1,699	1,686	0.8%
Loan/deposit ratio (net)	48.5%	48.5%	0.1 PP	48.5%	49.9%	(1.3) PP
Equity	232	213	9.3%	232	223	4.3%
Return on equity before tax	18.6%	24.5%	(6.0) PP	20.1%	16.8%	3.3 PP
Return on equity after tax	16.2%	20.8%	(4.5) PP	18.0%	14.3%	3.7 PP
Cost/income ratio	41.2%	36.3%	4.8 PP	39.9%	42.6%	(2.7) PP
Net interest margin (average interest-bearing assets)	4.17%	4.81%	(0.64) PP	4.24%	4.09%	0.15 PP
Employees as at reporting date	1,327	1,337	(0.7)%	1,327	1,327	0.0%
Business outlets	91	95	(4.2)%	91	90	1.1%
Customers	714,619	695,481	2.8%	714,619	711,608	0.4%

Bosnia and Herzegovina

in € million	1/1-30/6 2015	1/1-30/6 2014	Change	Q2/2015	Q1/2015	Change
Net interest income	33	36	(7.7)%	17	16	6.4%
Net fee and commission income	17	17	0.0%	9	8	6.8%
Net trading income	1	0	185.7%	0	0	99.3%
Sundry net operating income	1	2	(4.6)%	1	1	27.1%
Operating income	**52**	**55**	**(4.3)%**	**27**	**25**	**8.0%**
General administrative expenses	(26)	(29)	(8.4)%	(13)	(13)	2.6%
Operating result	**26**	**26**	**0.1%**	**14**	**12**	**13.8%**
Net provisioning for impairment losses	0	(8)	–	2	(2)	–
Other results	0	0	(26.8)%	(1)	0	–
Profit/loss before tax	**26**	**18**	**44.4%**	**16**	**10**	**48.1%**
Income taxes	(3)	(2)	42.8%	(2)	(1)	38.4%
Profit/loss after tax	**23**	**16**	**44.6%**	**14**	**9**	**49.3%**
Risk-weighted assets (total RWA)	1,546	–	–	1,546	1,668	(7.4)%
Assets	1,922	1,954	(1.6)%	1,922	1,931	(0.4)%
Loans and advances to customers	1,170	1,191	(1.8)%	1,170	1,168	0.2%
hereof corporate %	32.4%	34.2%	(1.8) PP	32.4%	33.1%	(0.7) PP
hereof retail %	67.2%	65.3%	1.9 PP	67.2%	66.5%	0.7 PP
hereof foreign currency %	72.4%	72.6%	(0.2) PP	72.4%	73.6%	(1.2) PP
Deposits from customers	1,484	1,508	(1.6)%	1,484	1,498	(0.9)%
Loan/deposit ratio (net)	73.2%	73.0%	0.3 PP	73.2%	71.9%	1.3 PP
Equity	260	262	(0.8)%	260	281	(7.4)%
Return on equity before tax	19.7%	14.8%	5.0 PP	24.4%	15.7%	8.7 PP
Return on equity after tax	17.5%	13.1%	4.4 PP	21.8%	13.9%	7.9 PP
Cost/income ratio	50.3%	52.5%	(2.2) PP	49.0%	51.6%	(2.6) PP
Net interest margin (average interest-bearing assets)	3.63%	3.78%	(0.15) PP	3.75%	3.52%	0.23 PP
Employees as at reporting date	1,374	1,471	(6.6)%	1,374	1,390	(1.2)%
Business outlets	97	97	0.0%	97	97	0.0%
Customers	492,265	500,461	(1.6)%	492,265	490,136	0.4%

Bulgaria

in € million	1/1-30/6 2015	1/1-30/6 2014	Change	Q2/2015	Q1/2015	Change
Net interest income	60	63	(5.9)%	32	28	14.4%
Net fee and commission income	19	19	3.6%	10	9	10.2%
Net trading income	1	2	(62.2)%	0	1	–
Sundry net operating income	0	0	14.1%	0	0	–
Operating income	**80**	**84**	**(5.2)%**	**42**	**38**	**9.2%**
General administrative expenses	(42)	(44)	(5.6)%	(21)	(20)	4.0%
Operating result	**38**	**40**	**(4.7)%**	**20**	**18**	**15.2%**
Net provisioning for impairment losses	(17)	(30)	(44.1)%	(11)	(6)	72.0%
Other results	(3)	0	–	(2)	(1)	155.4%
Profit/loss before tax	**18**	**10**	**85.5%**	**8**	**11**	**(29.2)%**
Income taxes	(2)	(1)	100.4%	(1)	(1)	(40.4)%
Profit/loss after tax	**16**	**9**	**83.8%**	**7**	**9**	**(27.7)%**
Risk-weighted assets (total RWA)	1,765	–	–	1,765	1,782	(0.9)%
Assets	3,278	3,232	1.4%	3,278	3,268	0.3%
Loans and advances to customers	2,074	2,370	(12.5)%	2,074	2,074	0.0%
hereof corporate %	40.2%	42.9%	(2.7) PP	40.2%	40.5%	(0.4) PP
hereof retail %	59.3%	56.6%	2.7 PP	59.3%	59.0%	0.4 PP
hereof foreign currency %	58.0%	65.3%	(7.3) PP	58.0%	61.3%	(3.2) PP
Deposits from customers	2,248	2,106	6.8%	2,248	2,205	2.0%
Loan/deposit ratio (net)	84.5%	100.3%	(15.8) PP	84.5%	86.4%	(1.9) PP
Equity	475	480	(0.9)%	475	506	(6.0)%
Return on equity before tax	7.6%	4.1%	3.5 PP	6.3%	8.7%	(2.4) PP
Return on equity after tax	6.8%	3.7%	3.1 PP	5.7%	7.7%	(2.0) PP
Cost/income ratio	52.3%	52.5%	(0.2) PP	51.1%	53.6%	(2.5) PP
Net interest margin (average interest-bearing assets)	3.78%	4.09%	(0.31) PP	4.04%	3.52%	0.52 PP
Employees as at reporting date	2,659	2,764	(3.8)%	2,659	2,699	(1.5)%
Business outlets	153	156	(1.9)%	153	153	0.0%
Customers	767,745	745,331	3.0%	767,745	764,363	0.4%

Croatia

in € million	1/1-30/6 2015	1/1-30/6 2014	Change	Q2/2015	Q1/2015	Change
Net interest income	69	75	(7.0)%	33	36	(6.9)%
Net fee and commission income	30	30	1.9%	15	15	3.4%
Net trading income	6	9	(38.3)%	4	2	129.7%
Sundry net operating income	9	14	(31.5)%	6	3	79.8%
Operating income	**115**	**127**	**(9.7)%**	**59**	**56**	**5.2%**
General administrative expenses	(61)	(63)	(2.4)%	(30)	(31)	(3.3)%
Operating result	**53**	**64**	**(16.9)%**	**29**	**25**	**15.8%**
Net provisioning for impairment losses	(16)	(31)	(47.2)%	(10)	(6)	58.7%
Other results	(3)	1	–	0	(3)	(97.2)%
Profit/loss before tax	**34**	**34**	**(1.5)%**	**18**	**15**	**22.1%**
Income taxes	(7)	(7)	1.2%	(4)	(2)	81.6%
Profit/loss after tax	**27**	**27**	**(2.2)%**	**14**	**13**	**10.9%**
Risk-weighted assets (total RWA)	3,129	–	–	3,129	3,169	(1.3)%
Assets	4,592	4,553	0.8%	4,592	4,694	(2.2)%
Loans and advances to customers	3,071	3,340	(8.0)%	3,071	3,232	(5.0)%
hereof corporate %	39.4%	42.4%	(3.0) PP	39.4%	38.4%	1.1 PP
hereof retail %	57.6%	50.0%	7.5 PP	57.6%	54.8%	2.8 PP
hereof foreign currency %	56.9%	66.1%	(9.2) PP	56.9%	58.3%	(1.4) PP
Deposits from customers	3,083	2,816	9.5%	3,083	3,142	(1.9)%
Loan/deposit ratio (net)	87.8%	106.1%	(18.3) PP	87.8%	92.8%	(4.9) PP
Equity	651	677	(3.9)%	651	715	(9.1)%
Return on equity before tax	10.0%	10.1%	(0.1) PP	11.1%	8.8%	2.3 PP
Return on equity after tax	8.0%	8.1%	(0.1) PP	8.5%	7.4%	1.1 PP
Cost/income ratio	53.4%	49.4%	4.0 PP	51.2%	55.7%	(4.5) PP
Net interest margin (average interest-bearing assets)	3.36%	3.70%	(0.33) PP	3.25%	3.45%	(0.20) PP
Employees as at reporting date	2,152	2,027	6.2%	2,152	2,171	(0.9)%
Business outlets	78	76	2.6%	78	78	0.0%
Customers	449,713	478,267	(6.0)%	449,713	459,987	(2.2)%

Kosovo

in € million	1/1-30/6 2015	1/1-30/6 2014	Change	Q2/2015	Q1/2015	Change
Net interest income	21	19	8.4%	10	11	(8.1)%
Net fee and commission income	4	4	20.4%	2	2	(5.4)%
Net trading income	0	0	>500.0%	0	0	114.2%
Sundry net operating income	0	0	(17.3)%	0	0	–
Operating income	**25**	**23**	**11.7%**	**12**	**13**	**(3.0)%**
General administrative expenses	(12)	(12)	(4.5)%	(5)	(6)	(8.7)%
Operating result	**14**	**11**	**30.2%**	**7**	**7**	**2.1%**
Net provisioning for impairment losses	0	0	–	0	0	–
Other results	0	0	–	0	0	108.7%
Profit/loss before tax	**14**	**11**	**30.5%**	**7**	**7**	**2.2%**
Income taxes	(2)	(1)	19.6%	(1)	(1)	(1.3)%
Profit/loss after tax	**12**	**9**	**32.0%**	**6**	**6**	**2.7%**
Risk-weighted assets (total RWA)	486	–	–	486	498	(2.4)%
Assets	818	734	11.5%	818	802	2.1%
Loans and advances to customers	491	488	0.5%	491	491	0.0%
hereof corporate %	38.0%	41.5%	(3.5) PP	38.0%	39.9%	(1.9) PP
hereof retail %	62.0%	58.5%	3.5 PP	62.0%	60.1%	1.9 PP
hereof foreign currency %	0.0%	0.0%	0.0 PP	0.0%	0.0%	0.0 PP
Deposits from customers	632	580	9.0%	632	619	2.0%
Loan/deposit ratio (net)	74.0%	80.4%	(6.3) PP	74.0%	75.4%	(1.3) PP
Equity	137	112	21.7%	137	130	4.8%
Return on equity before tax	22.9%	22.0%	1.0 PP	22.7%	23.0%	(0.3) PP
Return on equity after tax	20.4%	19.3%	1.1 PP	20.3%	20.4%	(0.1) PP
Cost/income ratio	45.6%	53.3%	(7.7) PP	44.2%	47.0%	(2.8) PP
Net interest margin (average interest-bearing assets)	5.23%	5.42%	(0.19) PP	4.96%	5.50%	(0.54) PP
Employees as at reporting date	723	702	3.0%	723	712	1.5%
Business outlets	53	54	(1.9)%	53	52	1.9%
Customers	276,420	262,458	5.3%	276,420	281,871	(1.9)%

Romania

in € million	1/1-30/6 2015	1/1-30/6 2014	Change	Q2/2015	Q1/2015	Change
Net interest income	134	134	(0.4)%	72	62	17.1%
Net fee and commission income	84	80	4.4%	43	41	3.6%
Net trading income	8	10	(25.6)%	4	3	31.1%
Sundry net operating income	(4)	1	–	(3)	0	>500.0%
Operating income	**221**	**226**	**(2.2)%**	**116**	**106**	**9.4%**
General administrative expenses	(125)	(130)	(4.0)%	(64)	(61)	5.0%
Operating result	**96**	**96**	**0.1%**	**52**	**45**	**15.5%**
Net provisioning for impairment losses	(37)	(46)	(20.0)%	(20)	(17)	20.7%
Other results	0	5	(93.3)%	(1)	2	–
Profit/loss before tax	**60**	**56**	**7.8%**	**30**	**30**	**2.8%**
Income taxes	(8)	(9)	(6.6)%	(3)	(5)	(30.1)%
Profit/loss after tax	**52**	**47**	**10.4%**	**27**	**25**	**9.2%**
Risk-weighted assets (total RWA)	4,117	–	–	4,117	4,127	(0.2)%
Assets	6,778	6,516	4.0%	6,778	6,850	(1.1)%
Loans and advances to customers	4,377	4,380	(0.1)%	4,377	4,369	0.2%
hereof corporate %	32.4%	33.4%	(1.0) PP	32.4%	32.7%	(0.3) PP
hereof retail %	65.4%	64.2%	1.2 PP	65.4%	64.8%	0.6 PP
hereof foreign currency %	46.0%	50.8%	(4.8) PP	46.0%	48.3%	(2.3) PP
Deposits from customers	4,652	4,273	8.9%	4,652	4,586	1.4%
Loan/deposit ratio (net)	87.8%	94.2%	(6.4) PP	87.8%	88.2%	(0.4) PP
Equity	686	683	0.5%	686	765	(10.3)%
Return on equity before tax	17.8%	18.4%	(0.6) PP	17.7%	16.7%	1.0 PP
Return on equity after tax	15.4%	15.5%	(0.1) PP	15.7%	14.0%	1.8 PP
Cost/income ratio	56.5%	57.5%	(1.0) PP	55.3%	57.7%	(2.4) PP
Net interest margin (average interest-bearing assets)	4.04%	4.34%	(0.29) PP	4.38%	3.70%	0.68 PP
Employees as at reporting date	5,434	5,363	1.3%	5,434	5,201	4.5%
Business outlets	515	530	(2.8)%	515	517	(0.4)%
Customers	2,113,657	2,066,076	2.3%	2,113,657	2,095,440	0.9%

Serbia

in € million	1/1-30/6 2015	1/1-30/6 2014	Change	Q2/2015	Q1/2015	Change
Net interest income	46	50	(9.5)%	23	23	1.2%
Net fee and commission income	18	17	3.1%	9	9	10.9%
Net trading income	2	1	107.9%	1	1	(51.4)%
Sundry net operating income	1	3	(49.9)%	0	1	(94.4)%
Operating income	**67**	**72**	**(6.3)%**	**33**	**34**	**(2.2)%**
General administrative expenses	(35)	(35)	(0.7)%	(17)	(17)	0.9%
Operating result	**32**	**37**	**(11.7)%**	**16**	**17**	**(5.4)%**
Net provisioning for impairment losses	(3)	(8)	(58.3)%	2	(5)	–
Other results	(4)	0	>500.0%	0	(4)	(99.7)%
Profit/loss before tax	**25**	**29**	**(12.6)%**	**17**	**8**	**119.9%**
Income taxes	(3)	(3)	(11.3)%	(2)	(1)	272.5%
Profit/loss after tax	**22**	**26**	**(12.7)%**	**15**	**7**	**107.5%**
Risk-weighted assets (total RWA)	1,600	–	–	1,600	1,608	(0.5)%
Assets	1,938	1,946	(0.4)%	1,938	1,935	0.1%
Loans and advances to customers	1,071	1,112	(3.7)%	1,071	1,085	(1.3)%
hereof corporate %	49.7%	49.8%	(0.2) PP	49.7%	50.1%	(0.4) PP
hereof retail %	49.3%	48.2%	1.1 PP	49.3%	48.5%	0.8 PP
hereof foreign currency %	69.4%	72.0%	(2.6) PP	69.4%	69.2%	0.3 PP
Deposits from customers	1,360	1,220	11.5%	1,360	1,337	1.8%
Loan/deposit ratio (net)	69.9%	82.0%	(12.2) PP	69.9%	71.9%	(2.1) PP
Equity	490	518	(5.4)%	490	477	2.8%
Return on equity before tax	10.9%	12.2%	(1.3) PP	14.7%	6.9%	7.8 PP
Return on equity after tax	9.7%	10.8%	(1.1) PP	12.9%	6.4%	6.5 PP
Cost/income ratio	51.8%	48.9%	2.9 PP	52.6%	51.1%	1.6 PP
Net interest margin (average interest-bearing assets)	5.04%	5.65%	(0.61) PP	5.03%	5.04%	(0.02) PP
Employees as at reporting date	1,582	1,589	(0.4)%	1,582	1,588	(0.4)%
Business outlets	85	86	(1.2)%	85	85	0.0%
Customers	649,191	614,340	5.7%	649,191	644,444	0.7%

Eastern Europe

in € million	1/1-30/6 2015	1/1-30/6 2014	Change	Q2/2015	Q1/2015	Change
Operating income	680	830	(18.1)%	391	289	35.4%
General administrative expenses	(269)	(387)	(30.3)%	(139)	(130)	7.2%
Operating result	**410**	**443**	**(7.4)%**	**252**	**159**	**58.5%**
Net provisioning for impairment losses	(239)	(255)	(6.4)%	(105)	(134)	(21.4)%
Other results	73	77	(4.2)%	14	59	(75.7)%
Profit/loss before tax	**245**	**264**	**(7.4)%**	**161**	**84**	**91.3%**
Assets	17,515	20,601	(15.0)%	17,515	17,635	(0.7)%
Net interest margin (average interest-bearing assets)	6.20%	6.40%	(0.20) PP	6.04%	6.39%	(0.35) PP
Return on equity before tax	**29.0%**	**20.5%**	**8.5 PP**	**38.7%**	**20.6%**	**18.1 PP**

In the Eastern Europe segment, the currency depreciation in Ukraine had a considerable impact on valuation losses on open foreign currency positions. In Ukraine, this pressure resulted in a loss before tax of minus € 56 million. In Russia, an increase in loan loss provisions was the main reason for the 17 per cent fall in profit before tax. In Belarus, net income nearly doubled as a result of the good overall earnings situation and a valuation gain from a capital hedge transaction.

Operating income

Net interest income fell 17 per cent, or € 104 million, to € 505 million year-on-year. For the most part, this was due to a primarily currency-based decline in net interest income in Ukraine (minus 42 per cent, or € 65 million, to € 88 million) and Russia (minus 12 per cent, or € 50 million, to € 353 million). In contrast, net interest income in Belarus rose 19 per cent, or € 10 million, to € 63 million on the back of higher loan volumes and interest rates. The net interest margin declined 20 basis points to 6.20 per cent year-on-year. The segment's total assets fell 15 per cent year-on-year to € 17,515 million, while risk-weighted assets (total RWA) were down 11 per cent to € 14,631 million.

Net fee and commission income was down € 43 million to € 194 million year-on-year. Net income from payment transfer business declined 25 per cent, or € 29 million, to € 86 million, mainly as a result of currency movements in Ukraine and Russia. Net income from loan and guarantee business fell € 10 million to € 30 million, primarily due to currency effects in Russia. Net income from other banking services decreased € 4 million to € 14 million.

Net trading income improved from minus € 19 million in the same period of the previous year to minus € 10 million in the reporting period. Net income from interest-based transactions was up € 12 million to € 8 million as a result of valuation gains from securities positions in Russia. Net income from currency-based transactions declined € 2 million to minus € 18 million. The decrease reflected higher valuation losses from foreign currency positions in Russia and Ukraine, as well as valuation losses from derivative financial instruments in Russia. In contrast, Belarus reported a considerable € 34 million increase, which was attributable to the discontinuation of accounting for hyperinflation countries, as well as positive effects from the hedging of the capital position and improved net income from proprietary trading.

Sundry net operating income fell € 12 million to minus € 9 million year-on-year. This was mainly due to higher allocations to other provisions in Russia and a one-off effect of € 9 million in the previous year from the sale of a building in Russia.

General administrative expenses

General administrative expenses fell € 117 million to € 269 million year-on-year. The decline related mainly to Russia and Ukraine and for the most part reflected the depreciation of the Russian rouble and Ukrainian hryvnia. The segment's staff expenses, which were € 79 million lower, also fell as a result of the release of bonus provisions for 2014 and a reduction in the number of employees. Exchange rate movements, in Russia and Ukraine, were responsible for the € 33 million decline in other administrative expenses and € 5 million decrease in depreciation. The number of business outlets in the segment fell by 87 to 924. The cost/income ratio improved 7.0 percentage points to 39.6 per cent.

Net provisioning for impairment losses

Net provisioning for impairment losses fell € 16 million to € 239 million year-on-year – largely as a result of currency movements in Ukraine. The unfavorable economic environment in Russia (negative growth, sanctions, and commodity price and currency trends) led to higher net provisioning for impairment losses in the retail business. In addition, risk costs increased as a result of new non-performing loans to large corporate customers and sales of loans. In Belarus, the provisioning requirement was up € 10 million as a result of increased lending to large corporate customers. In Ukraine, net provisioning for impairment losses fell € 70 million on a currency-adjusted basis to € 113 million year-on-year. However, in local currency terms, net provisioning for impairment losses rose 3 per cent, mainly for foreign currency loans (conversion of foreign currency loans into local currency at a rate lower than the official rate; foreign currency portfolio with collateral held in local currency) and retail and corporate customers in the Donbass region. The share of non-bank non-performing loans in the segment's loan portfolio rose 5.3 percentage points to 16.7 per cent year-on-year.

Other results and taxes

Other results fell € 3 million to € 73 million year-on-year. Net income from derivative financial instruments fell € 17 million to minus € 6 million in the reporting period, reflecting the valuation of interest rate swaps used to mitigate interest rate structure risk and changes in fair values of banking book derivatives especially in Russia. In contrast, valuation gains and proceeds from the sale of securities in the fair value portfolio rose € 10 million and € 4 million respectively. In Russia, the valuation of bonds was up € 22 million year-on-year, while in Ukraine the result from the valuation of fixed-income government bonds declined € 12 million year-on-year.

The tax expense increased 8 per cent, or € 5 million, to € 61 million, while the tax rate was up 4 percentage points to 25 per cent. This was largely attributable to the loss in Ukraine, which was not offset by deferred tax assets due to the tax earnings forecasts.

Detailed results of individual countries:

Belarus

in € million	1/1-30/6 2015	1/1-30/6 2014	Change	Q2/2015	Q1/2015	Change
Net interest income	63	53	19.0%	32	31	1.0%
Net fee and commission income	33	31	6.8%	17	16	3.9%
Net trading income	34	(1)	–	11	23	(54.3)%
Sundry net operating income	0	0	75.2%	0	0	24.5%
Operating income	**129**	**83**	**56.8%**	**59**	**71**	**(16.5)%**
General administrative expenses	(37)	(39)	(5.3)%	(18)	(19)	(1.5)%
Operating result	**92**	**43**	**113.3%**	**40**	**52**	**(22.0)%**
Net provisioning for impairment losses	(12)	(2)	458.5%	(9)	(4)	143.6%
Other results	(1)	0	–	0	(1)	–
Profit/loss before tax	**79**	**41**	**92.9%**	**32**	**47**	**(33.2)%**
Income taxes	(18)	(11)	63.8%	(7)	(11)	(31.1)%
Profit/loss after tax	**61**	**30**	**103.4%**	**24**	**37**	**(33.7)%**
Risk-weighted assets (total RWA)	2,002	–	–	2,002	1,601	25.0%
Assets	1,638	1,490	10.0%	1,638	1,616	1.4%
Loans and advances to customers	1,052	971	8.4%	1,052	1,096	(4.0)%
hereof corporate %	73.0%	71.7%	1.3 PP	73.0%	72.0%	1.0 PP
hereof retail %	27.0%	28.3%	(1.3) PP	27.0%	28.0%	(1.0) PP
hereof foreign currency %	76.6%	72.8%	3.8 PP	76.6%	73.7%	2.9 PP
Deposits from customers	939	852	10.2%	939	864	8.7%
Loan/deposit ratio (net)	107.9%	111.4%	(3.5) PP	107.9%	123.2%	(15.3) PP
Equity	319	292	9.2%	319	314	1.7%
Return on equity before tax	58.2%	35.3%	22.9 PP	47.0%	69.3%	(22.3) PP
Return on equity after tax	45.1%	25.9%	19.1 PP	36.2%	53.9%	(17.6) PP
Cost/income ratio	28.8%	47.6%	(18.9) PP	31.4%	26.6%	4.8 PP
Net interest margin (average interest-bearing assets)	8.75%	7.92%	0.83 PP	8.46%	8.97%	(0.51) PP
Employees as at reporting date	2,140	2,152	(0.6)%	2,140	2,150	(0.5)%
Business outlets	97	96	1.0%	97	97	0.0%
Customers	714,771	734,542	(2.7)%	714,771	729,639	(2.0)%

Russia

in € million	1/1-30/6 2015	1/1-30/6 2014	Change	Q2/2015	Q1/2015	Change
Net interest income	353	403	(12.3)%	178	175	1.5%
Net fee and commission income	121	140	(13.7)%	66	55	18.4%
Net trading income	27	26	4.8%	2	25	(91.7)%
Sundry net operating income	(6)	10	–	(3)	(3)	(2.1)%
Operating income	**495**	**579**	**(14.5)%**	**242**	**252**	**(4.0)%**
General administrative expenses	(167)	(242)	(31.0)%	(88)	(79)	11.2%
Operating result	**328**	**337**	**(2.6)%**	**154**	**173**	**(10.9)%**
Net provisioning for impairment losses	(113)	(70)	63.0%	(64)	(49)	29.9%
Other results	8	(1)	–	13	(6)	–
Profit/loss before tax	**222**	**266**	**(16.6)%**	**104**	**118**	**(12.3)%**
Income taxes	(42)	(55)	(22.9)%	(19)	(24)	(21.8)%
Profit/loss after tax	**180**	**212**	**(15.0)%**	**85**	**95**	**(10.0)%**
Risk-weighted assets (total RWA)	9,957	–	–	9,957	10,309	(3.4)%
Assets	13,548	16,041	(15.5)%	13,548	13,849	(2.2)%
Loans and advances to customers	8,773	10,303	(14.9)%	8,773	9,347	(6.1)%
hereof corporate %	61.3%	54.5%	6.8 PP	61.3%	61.5%	(0.2) PP
hereof retail %	38.7%	45.5%	(6.8) PP	38.7%	38.5%	0.2 PP
hereof foreign currency %	43.0%	32.2%	10.7 PP	43.0%	44.7%	(1.7) PP
Deposits from customers	8,408	9,936	(15.4)%	8,408	8,525	(1.4)%
Loan/deposit ratio (net)	97.7%	99.4%	(1.7) PP	97.7%	104.3%	(6.5) PP
Equity	1,581	2,263	(30.2)%	1,581	1,496	5.6%
Return on equity before tax	32.6%	27.0%	5.6 PP	29.6%	37.8%	(8.2) PP
Return on equity after tax	26.4%	21.5%	5.0 PP	24.3%	30.3%	(5.9) PP
Cost/income ratio	33.8%	41.8%	(8.1) PP	36.3%	31.4%	5.0 PP
Net interest margin (average interest-bearing assets)	5.55%	5.58%	(0.03) PP	5.31%	5.82%	(0.51) PP
Employees as at reporting date	7,827	8,486	(7.8)%	7,827	8,415	(7.0)%
Business outlets	207	201	3.0%	207	212	(2.4)%
Customers	2,972,783	2,757,194	7.8%	2,972,783	2,959,946	0.4%

Ukraine

in € million	1/1-30/6 2015	1/1-30/6 2014	Change	Q2/2015	Q1/2015	Change
Net interest income	88	152	(42.4)%	46	42	11.2%
Net fee and commission income	39	66	(39.8)%	19	21	(11.4)%
Net trading income	(70)	(43)	61.4%	26	(96)	–
Sundry net operating income	(2)	(7)	(69.1)%	(1)	(1)	(6.7)%
Operating income	**55**	**168**	**(67.2)%**	**89**	**(34)**	**–**
General administrative expenses	(65)	(105)	(38.3)%	(33)	(32)	2.5%
Operating result	**(10)**	**63**	**–**	**57**	**(66)**	**–**
Net provisioning for impairment losses	(113)	(184)	(38.3)%	(32)	(81)	(60.1)%
Other results	66	77	(14.1)%	1	65	(98.5)%
Profit/loss before tax	**(56)**	**(43)**	**30.0%**	**25**	**(82)**	**–**
Income taxes	0	10	–	0	0	(2.9)%
Profit/loss after tax	**(57)**	**(34)**	**68.9%**	**25**	**(82)**	**–**
Risk-weighted assets (total RWA)	2,652	–	–	2,652	2,666	(0.5)%
Assets	2,309	3,044	(24.2)%	2,309	2,150	7.4%
Loans and advances to customers	2,401	2,873	(16.4)%	2,401	2,475	(3.0)%
hereof corporate %	51.9%	53.9%	(2.0) PP	51.9%	52.6%	(0.7) PP
hereof retail %	48.1%	45.8%	2.3 PP	48.1%	47.2%	0.9 PP
hereof foreign currency %	61.0%	55.7%	5.3 PP	61.0%	64.1%	(3.0) PP
Deposits from customers	1,466	1,622	(9.6)%	1,466	1,294	13.3%
Loan/deposit ratio (net)	84.5%	126.8%	(42.3) PP	84.5%	101.9%	(17.4) PP
Equity	116	513	(77.3)%	116	89	31.2%
Return on equity before tax	–	–	–	59.5%	–	–
Return on equity after tax	–	–	–	59.0%	–	–
Cost/income ratio	117.7%	62.6%	55.1 PP	36.7%	(93.0)%	129.7 PP
Net interest margin (average interest-bearing assets)	8.40%	9.44%	(1.03) PP	9.07%	7.49%	1.59 PP
Employees as at reporting date	10,602	12,398	(14.5)%	10,602	11,255	(5.8)%
Business outlets	619	713	(13.2)%	619	670	(7.6)%
Customers	2,833,139	2,962,732	(4.4)%	2,833,139	2,903,062	(2.4)%

Group Corporates

in € million	1/1-30/6 2015	1/1-30/6 2014	Change	Q2/2015	Q1/2015	Change
Operating income	210	221	(5.2)%	112	98	13.8%
General administrative expenses	(59)	(65)	(8.5)%	(27)	(32)	(14.0)%
Operating result	**151**	**157**	**(3.8)%**	**84**	**66**	**27.1%**
Net provisioning for impairment losses	(122)	(43)	185.1%	(75)	(47)	59.9%
Other results	(7)	(3)	160.7%	(3)	(4)	(14.1)%
Profit/loss before tax	**22**	**111**	**(80.4)%**	**6**	**16**	**(61.1)%**
Assets	15,726	16,579	(5.1)%	15,726	16,593	(5.2)%
Net interest margin (average interest-bearing assets)	2.05%	1.53%	0.51 PP	2.22%	1.91%	0.31 PP
Return on equity before tax	**3.9%**	**11.9%**	**(7.9) PP**	**2.2%**	**5.7%**	**(3.5) PP**

Net income in the Group Corporates segment fell € 89 million to € 22 million. This was mainly due to higher net provisioning for impairment losses resulting from international large corporate customer defaults.

Operating income

Net interest income in the segment rose 9 per cent, or € 14 million, to € 172 million year-on-year. The increase was mainly due to the partial reclassification of income items from net fee and commission income to net interest income. In contrast, Group head office (Austrian and multinational corporate customers serviced from Vienna) reported lower total loans and lower margins on new loans. The segment's net interest margin increased 51 basis points to 2.05 per cent. Total assets decreased 5 per cent year-on-year to € 15,726 million while risk-weighted assets (total RWA) remained almost unchanged at € 9,267 million.

Net fee and commission income declined € 24 million year-on-year to € 37 million. Declines occurred at Group head office due to the partial reclassification of income items to net interest income. This was also attributable to lower fee and commission income from bond issues, real estate and project financing transactions, as well as from export and investment financing, while the Cash Management and Capital Markets Sales areas reported higher fee and commission income.

The € 2 million decline in net trading income resulted from interest-based derivative financial instruments at Group head office.

General administrative expenses

General administrative expenses declined € 5 million to € 59 million, mainly due to lower staff expenses as a result of the release of provisions for bonuses. The cost-income ratio improved 1.0 percentage point to 28.2 per cent.

Net provisioning for impairment losses

Net provisioning for impairment losses increased € 79 million to € 122 million year-on-year. Net provisioning for impairment losses in the reporting period related mainly to individual loan loss provisions for loans to large corporate customers, including large corporate customers in Ukraine. The proportion of non-bank non-performing loans in the segment's loan portfolio increased 1.6 percentage points year-on-year to 8.3 per cent.

Other results and taxes

Other results declined € 4 million to minus € 7 million due to a higher allocation of expenses for bank levies.

Tax expense declined € 22 million to € 5 million and was mainly earnings related.

Group Markets

in € million	1/1-30/6 2015	1/1-30/6 2014	Change	Q2/2015	Q1/2015	Change
Operating income	153	174	(11.9)%	75	79	(5.5)%
General administrative expenses	(108)	(125)	(13.4)%	(50)	(58)	(14.3)%
Operating result	**45**	**49**	**(8.1)%**	**25**	**21**	**19.4%**
Net provisioning for impairment losses	(1)	2	–	0	(1)	(86.8)%
Other results	(8)	(5)	53.0%	(1)	(7)	(85.9)%
Profit/loss before tax	**36**	**46**	**(21.2)%**	**24**	**13**	**85.8%**
Assets	14,651	18,333	(20.1)%	14,651	18,543	(21.0)%
Net interest margin (average interest-bearing assets)	0.86%	1.07%	(0.21) PP	0.70%	0.97%	(0.27) PP
Return on equity before tax	**12.7%**	**17.0%**	**(4.3) PP**	**17.1%**	**9.6%**	**7.5 PP**

Operating income

Net interest income in the Group Markets segment declined € 24 million to € 45 million. This was mainly due to lower interest income from securities at Group head office caused by lower volumes. The net interest margin declined 21 basis points to 0.86 per cent. Total assets decreased 20 per cent year-on-year to € 14,651 million. However, risk-weighted assets (total RWA) increased 16 per cent to € 5,283 million due to increased market risk caused by higher volatilities in the internal model.

Net fee and commission income increased 15 per cent to € 67 million year-on-year. This was mainly due to positive developments in the Capital Market Sales area and higher income from repurchase agreements.

Net trading income declined 8 per cent, or € 3 million, to € 36 million. Declines in net income, as a result of lower sales in banknote trading, currency losses caused by the Swiss franc depreciation and valuation losses on securities, were largely offset by improved income from a guarantee product.

General administrative expenses

General administrative expenses declined € 17 million, or 13 per cent, to € 108 million year-on-year, mainly due to the release of bonus provisions. The cost-income ratio improved 1.2 percentage points to 70.5 per cent year-on-year.

Net provisioning for impairment losses

In the reporting period, a net amount of € 1 million was allocated at Group head office for non-performing loans to financial insitutions, after an amount of € 2 million was released in the same period of the previous year. The share of non-performing loans in the segment's total credit exposure was 4.8 per cent.

Other results and taxes

Other results declined € 3 million to minus € 8 million year-on-year. This was mainly attributable to a € 7 million higher allocation of bank levies at Group head office and to a € 2 million loss on the disposal of group assets. In contrast, net income from derivative financial instruments improved by € 7 million due to interest rate developments.

Tax expense declined € 2 million to € 8 million and was mainly earnings related.

Corporate Center

in € million	1/1-30/6 2015	1/1-30/6 2014	Change	Q2/2015	Q1/2015	Change
Operating income	730	747	(2.3)%	518	212	145.0%
General administrative expenses	(174)	(139)	24.9%	(95)	(79)	19.5%
Operating result	**556**	**607**	**(8.5)%**	**424**	**132**	**220.2%**
Net provisioning for impairment losses	(2)	(6)	(73.4)%	1	(3)	–
Other results	(19)	(101)	(81.4)%	(46)	28	–
Profit/loss before tax	**535**	**501**	**6.9%**	**378**	**157**	**140.2%**
Assets	30,373	32,703	(7.1)%	30,373	29,446	3.2%

The segment primarily comprises income from Group head office's management functions and from other Group units. As a result, its income is more volatile, due to the varying amounts of dividend income received from units in other segments, especially on a quarterly basis.

Operating income

Net interest income in the Corporate Center segment increased € 26 million year-on-year to € 749 million. This increase was due to higher dividend income (which increased € 52 million). Interest income from the refinancing business decreased, because of the declining volume of intra-Group financing. Furthermore, income from the predominantly short-term investment of free liquidity and an interest expense of € 38 million (same period in 2014: € 31 million) for the subordinated capital of RBI AG are also reported in this segment. The segment's total assets declined 7 per cent to € 30,373 million year-on-year as a result of the lower Group financing volume. Risk-weighted assets (total RWA) also declined 20 per cent to € 15,756 million.

Net fee and commission income improved € 7 million to minus € 1 million year-on-year, due mainly to the partial reclassification of expenses for provisions for guarantees to net interest income, where these are treated as part of interest income.

The segment's net trading income declined significantly, declining € 50 million to minus € 80 million year-on-year. This was mainly due to a loss of € 70 million from a hedging transaction for dividend income denominated in Russian roubles, which was terminated in April, and to valuation losses on foreign currency positions in a real estate holding company.

Sundry net operating income, primarily comprising intra-Group service charges, fell € 1 million to € 62 million.

General administrative expenses

The segment's general administrative expenses increased € 35 million to € 174 million, mainly due to the booking of € 38 million of expected contributions to the newly-established resolution fund at Group head office, which was booked for the full year in the first half year 2015.

Net provisioning for impairment losses

Net provisioning for impairment losses generally plays a subordinate role in this segment due to the predominantly intra-Group nature of its business activities. In the reporting period net provisioning for impairment losses for corporate customers of Group head office totaled € 2 million compared to € 6 million in the previous year's period.

Other results and taxes

Other results in the segment improved € 82 million to minus € 19 million in the reporting period. Net income from derivatives and liabilities developed positively, reversing from minus € 51 million to plus € 23 million, as a result of the valuation of banking book derivatives. Furthermore, € 24 million of expenses in the segment for bank levies were € 14 million lower compared to in the previous year's period.

Net income from the disposal of Group assets amounted to € 3 million in the reporting period, primarily resulting from the deconsolidation of a Group unit in Romania, after a loss of € 12 million was incurred in the previous year's period, mainly due to the deconsolidation of the trading group F.J. Elsner, Vienna.

In contrast, net income from financial investments was minus € 17 million in the reporting period and related to the valuation of government bonds and impairment charges for various equity participations.

The segment's tax expense declined € 9 million year-on-year to € 13 million.

Non-Core

in € million	1/1-30/6 2015	1/1-30/6 2014	Change	Q2/2015	Q1/2015	Change
Operating income	308	355	(13.3)%	156	152	2.7%
General administrative expenses	(206)	(223)	(7.7)%	(101)	(105)	(4.0)%
Operating result	**102**	**131**	**(22.8)%**	**55**	**47**	**17.7%**
Net provisioning for impairment losses	(84)	(47)	76.8%	(68)	(16)	330.3%
Other results	(1)	(2)	(46.1)%	0	(1)	(86.3)%
Profit/loss before tax	**16**	**82**	**(79.9)%**	**(13)**	**30**	**–**
Assets	20,000	23,026	(13.1)%	20,000	21,676	(7.7)%
Net interest margin (average interest-bearing assets)	2.11%	2.47%	(0.37) PP	2.10%	2.07%	0.03 PP
Return on equity before tax	**2.2%**	**8.6%**	**(6.4) PP**	**–**	**8.2%**	**–**

Profit before tax in the Non-Core segment fell € 65 million year-on-year to € 16 million. The main contributors were a 23 per cent drop in net interest income caused by low interest rates in Poland and defaults in Asia. A 77 per cent increase in net provisioning for impairment losses also reduced the result.

Operating income

Net interest income fell 23 per cent, or € 63 million, to € 208 million year-on-year. This was primarily attributable to a 21 per cent, or € 34 million, decline in net interest income to € 129 million in Poland, due to continuing low market interest rates. In Asia, net interest income decreased 35 per cent, or € 29 million, to € 53 million due to loan defaults. The net interest margin fell 37 basis points to 2.11 per cent year-on-year. The segment's total assets reduced 13 per cent to € 20,000 million year-on-year. Risk-weighted assets (total RWA) decreased 3 per cent to € 12,664 million.

Net fee and commission income declined € 2 million to € 83 million year-on-year. This included a € 12 million decline in net income from the payment transfer business to € 15 million, due above all to lower income from the credit card and giro business in Poland. In contrast, net income from other banking services rose € 7 million to € 1 million, and was also due to developments in Poland. Net income from the foreign currency, notes/coins, and precious metals business increased € 2 million to € 35 million.

Net trading income rose € 12 million to € 7 million, with net income from interest-based transactions increasing € 26 million to € 35 million year-on-year. This increase was attributable to higher income from interest-based derivatives in Poland. Net income from currency-based transactions fell from minus € 14 million in the previous year's period to minus € 28 million, with valuation losses in Poland partly compensated by valuation gains in Asia.

Sundry net operating income was up € 6 million to € 10 million year-on-year, due to lower allocations to other provisions in Slovenia and higher net income arising from non-banking activities in Poland.

General administrative expenses

General administrative expenses declined € 17 million, or 8 per cent, to € 206 million year-on-year, with the majority of this decline being recorded in Poland. Staff expenses were down € 4 million, or 4 per cent, to € 98 million: Declines occurred in Poland and at the online bank Zuno due to the release of bonus provisions; while an increase in Asia was the result of severance payments. Other administrative expenses fell € 10 million, or 10 per cent, to € 86 million, due primarily to a decline in Poland, where virtually all expense categories decreased – particularly IT expenses and legal, advisory and consulting expenses – as a result of the merger with Polbank. However, deposit insurance fees increased. Depreciation of tangible and intangible fixed assets declined € 3 million, or 12 per cent, to € 22 million. The number of business outlets decreased by 20 to 373. The cost/income ratio rose 4.1 percentage points to 67.0 per cent.

Net provisioning for impairment losses

Net provisioning for impairment losses increased € 36 million to € 84 million year-on-year. In Asia, defaults by large corporate customers were largely responsible for the € 39 million rise in net provisioning for impairment losses to € 43 million. Net provisioning for impairment losses in Poland declined € 10 million to € 29 million, following increased defaults in the large corporate customer business and direct write-downs on loans to retail customers during the same period last year. The proportion of non-performing loans to non-banks in the segment's loan portfolio increased 5.4 percentage points to 14.6 per cent year-on-year.

Other results and taxes

Other results were up € 1 million year-on-year. Impairment charges for equity participations in Asia totaled € 2 million during the reporting period; whereas, € 3 million in impairment charges for equity participations were booked in Poland in the previous year's period.

Tax expense decreased € 2 million to € 14 million year-on-year, particularly in Asia and the USA.

Detailed results of individual countries and sub-segments:

Asia

in € million	1/1-30/6 2015	1/1-30/6 2014	Change	Q2/2015	Q1/2015	Change
Net interest income	53	81	(35.4)%	23	29	(19.6)%
Net fee and commission income	6	5	34.1%	3	3	(9.6)%
Net trading income	0	(6)	–	0	0	–
Sundry net operating income	0	2	(98.1)%	0	0	–
Operating income	**59**	**83**	**(28.2)%**	**27**	**32**	**(16.9)%**
General administrative expenses	(24)	(25)	(2.3)%	(12)	(12)	(2.5)%
Operating result	**35**	**58**	**(39.3)%**	**15**	**20**	**(25.6)%**
Net provisioning for impairment losses	(43)	(4)	>500.0%	(40)	(3)	>500.0%
Other results	(2)	1	–	0	(2)	(89.2)%
Profit/loss before tax	**(10)**	**55**	**–**	**(25)**	**16**	**–**
Income taxes	(3)	(4)	(31.2)%	3	(5)	–
Profit/loss after tax	**(13)**	**51**	**–**	**(23)**	**10**	**–**
Risk-weighted assets (total RWA)	2,338	–	–	2,338	2,760	(15.3)%
Assets	3,247	6,977	(53.5)%	3,247	4,777	(32.0)%
Loans and advances to customers	2,861	4,104	(30.3)%	2,861	3,259	(12.2)%
hereof corporate %	100.0%	100.0%	0.0 PP	100.0%	100.0%	0.0 PP
hereof retail %	0.0%	0.0%	0.0 PP	0.0%	0.0%	0.0 PP
hereof foreign currency %	54.3%	67.1%	(12.8) PP	54.3%	68.7%	(14.4) PP
Deposits from customers	536	1,158	(53.7)%	536	594	(9.8)%
Loan/deposit ratio (net)	455.0%	343.5%	111.5 PP	455.0%	465.7%	(10.7) PP
Equity[1]	–	–	–	–	–	–
Return on equity before tax	–	–	–	–	–	–
Return on equity after tax	–	–	–	–	–	–
Cost/income ratio	40.6%	29.8%	10.8 PP	44.1%	37.6%	6.5 PP
Net interest margin (average interest-bearing assets)	2.79%	2.37%	0.43 PP	2.91%	2.73%	0.18 PP
Employees as at reporting date	234	270	(13.3)%	234	254	(7.9)%
Business outlets	6	6	0.0%	6	6	0.0%
Customers	128	150	(14.7)%	128	135	(5.2)%

1 Asian entities are operated as a branch; therefore no equity available.

Poland

in € million	1/1-30/6 2015	1/1-30/6 2014	Change	Q2/2015	Q1/2015	Change
Net interest income	129	163	(20.7)%	65	64	2.2%
Net fee and commission income	70	74	(5.4)%	36	33	8.5%
Net trading income	7	0	>500.0%	5	2	160.1%
Sundry net operating income	8	3	153.6%	5	3	95.6%
Operating income	**213**	**240**	**(11.2)%**	**112**	**102**	**9.5%**
General administrative expenses	(151)	(167)	(9.8)%	(73)	(78)	(6.2)%
Operating result	**63**	**73**	**(14.4)%**	**39**	**24**	**60.0%**
Net provisioning for impairment losses	(29)	(39)	(24.9)%	(23)	(6)	254.3%
Other results	1	(3)	–	0	0	(76.0)%
Profit/loss before tax	**35**	**32**	**8.3%**	**16**	**18**	**(11.2)%**
Income taxes	(10)	(8)	17.3%	(4)	(6)	(42.1)%
Profit/loss after tax	**25**	**23**	**5.1%**	**13**	**12**	**4.8%**
Risk-weighted assets (total RWA)	8,621	–	–	8,621	8,783	(1.8)%
Assets	14,055	13,305	5.6%	14,055	14,586	(3.6)%
Loans and advances to customers	10,277	10,114	1.6%	10,277	10,727	(4.2)%
hereof corporate %	35.0%	36.7%	(1.7) PP	35.0%	38.1%	(3.1) PP
hereof retail %	64.9%	63.2%	1.7 PP	64.9%	61.8%	3.1 PP
hereof foreign currency %	56.8%	54.5%	2.3 PP	56.8%	55.9%	0.9 PP
Deposits from customers	8,578	7,513	14.2%	8,578	8,800	(2.5)%
Loan/deposit ratio (net)	114.1%	119.6%	(5.5) PP	114.1%	114.9%	(0.8) PP
Equity	1,495	1,489	0.4%	1,495	1,510	(1.0)%
Return on equity before tax	4.7%	4.4%	0.3 PP	4.4%	5.0%	(0.7) PP
Return on equity after tax	3.4%	3.2%	0.1 PP	3.4%	3.3%	0.1 PP
Cost/income ratio	70.6%	69.5%	1.1 PP	65.3%	76.3%	(10.9) PP
Net interest margin (average interest-bearing assets)	1.92%	2.64%	(0.73) PP	1.92%	1.90%	0.02 PP
Employees as at reporting date	5,419	5,731	(5.4)%	5,419	5,425	(0.1)%
Business outlets	351	371	(5.4)%	351	351	0.0%
Customers	712,422	743,389	(4.2)%	712,422	691,597	3.0%

Slovenia

in € million	1/1-30/6 2015	1/1-30/6 2014	Change	Q2/2015	Q1/2015	Change
Net interest income	6	7	(9.6)%	3	3	(15.4)%
Net fee and commission income	4	4	7.3%	2	2	(10.7)%
Net trading income	0	0	(74.1)%	0	0	79.6%
Sundry net operating income	1	(3)	–	1	0	–
Operating income	**11**	**8**	**35.9%**	**6**	**5**	**5.3%**
General administrative expenses	(9)	(9)	2.7%	(5)	(5)	1.1%
Operating result	**1**	**(1)**	**–**	**1**	**1**	**37.1%**
Net provisioning for impairment losses	(7)	(6)	25.5%	(2)	(5)	(62.3)%
Other results	1	0	–	0	0	(78.8)%
Profit/loss before tax	**(5)**	**(7)**	**(26.2)%**	**(1)**	**(4)**	**(75.6)%**
Income taxes	0	0	–	0	0	–
Profit/loss after tax	**(5)**	**(7)**	**(26.2)%**	**(1)**	**(4)**	**(75.6)%**
Risk-weighted assets (total RWA)	442	–	–	442	469	(5.8)%
Assets	924	1,202	(23.1)%	924	1,103	(16.2)%
Loans and advances to customers	637	924	(31.1)%	637	798	(20.2)%
hereof corporate %	51.6%	59.5%	(8.0) PP	51.6%	59.1%	(7.5) PP
hereof retail %	38.7%	33.8%	4.9 PP	38.7%	33.1%	5.6 PP
hereof foreign currency %	4.3%	4.4%	(0.1) PP	4.3%	4.8%	(0.5) PP
Deposits from customers	414	444	(6.8)%	414	447	(7.4)%
Loan/deposit ratio (net)	122.2%	179.2%	(57.0) PP	122.2%	149.1%	(26.9) PP
Equity	48	26	84.8%	48	49	(3.4)%
Return on equity before tax	–	–	–	–	–	–
Return on equity after tax	–	–	–	–	–	–
Cost/income ratio	86.6%	114.6%	(28.0) PP	84.9%	88.4%	(3.5) PP
Net interest margin (average interest-bearing assets)	1.31%	1.20%	0.11 PP	1.29%	1.32%	(0.03) PP
Employees as at reporting date	224	226	(0.9)%	224	225	(0.4)%
Business outlets	14	14	0.0%	14	14	0.0%
Customers	59,382	64,306	(7.7)%	59,382	61,603	(3.6)%

USA

in € million	1/1-30/6 2015	1/1-30/6 2014	Change	Q2/2015	Q1/2015	Change
Net interest income	14	14	(2.3)%	7	7	(1.5)%
Net fee and commission income	3	4	(9.9)%	2	2	(15.7)%
Net trading income	0	0	–	0	0	–
Sundry net operating income	0	0	10.1%	0	0	8.0%
Operating income	**18**	**19**	**(3.9)%**	**9**	**9**	**(2.5)%**
General administrative expenses	(9)	(8)	18.4%	(5)	(4)	20.2%
Operating result	**9**	**11**	**(19.6)%**	**4**	**5**	**(21.5)%**
Net provisioning for impairment losses	(4)	1	–	(3)	(1)	130.7%
Other results	0	0	–	0	0	–
Profit/loss before tax	**5**	**12**	**(59.4)%**	**1**	**4**	**(67.0)%**
Income taxes	(1)	(4)	(64.2)%	0	(1)	(67.0)%
Profit/loss after tax	**4**	**9**	**(57.3)%**	**1**	**3**	**(67.0)%**
Risk-weighted assets (total RWA)	978	–	–	978	1,088	(10.1)%
Assets	744	775	(4.0)%	744	875	(15.0)%
Loans and advances to customers	645	736	(12.4)%	645	774	(16.7)%
hereof corporate %	100.0%	100.0%	0.0 PP	100.0%	100.0%	0.0 PP
hereof retail %	0.0%	0.0%	0.0 PP	0.0%	0.0%	0.0 PP
hereof foreign currency %	6.8%	0.0%	6.8 PP	6.8%	5.7%	1.0 PP
Deposits from customers	0	0	–	0	0	–
Loan/deposit ratio (net)	–	–	–	–	–	–
Equity	45	41	9.5%	45	45	(1.9)%
Return on equity before tax	26.0%	83.5%	(57.5) PP	11.9%	41.2%	(29.3) PP
Return on equity after tax	19.2%	58.7%	(39.5) PP	8.8%	30.5%	(21.7) PP
Cost/income ratio	50.9%	41.3%	9.6 PP	56.2%	45.6%	10.6 PP
Net interest margin (average interest-bearing assets)	3.69%	5.13%	(1.44) PP	3.75%	3.56%	0.19 PP
Employees as at reporting date	58	67	(13.4)%	58	62	(6.5)%
Business outlets	1	2	(50.0)%	1	2	(50.0)%
Customers	–	–	–	–	–	–

Interim consolidated financial statements

(Interim report as at June 30, 2015)

Statement of comprehensive income

Income statement

in € million	Notes	1/1-30/6/2015	1/1-30/6/2014	Change
Interest income		2,533	2,878	(12.0)%
Interest expenses		(851)	(924)	(7.9)%
Net interest income	**[2]**	**1,682**	**1,954**	**(13.9)%**
Net provisioning for impairment losses	[3]	(592)	(568)	4.3%
Net interest income after provisioning		**1,090**	**1,386**	**(21.3)%**
Fee and commission income		960	959	0.2%
Fee and commission expense		(215)	(194)	11.1%
Net fee and commission income	**[4]**	**745**	**765**	**(2.6)%**
Net trading income	[5]	2	9	(81.0)%
Net income from derivatives and liabilities	[6]	(10)	(43)	(77.2)%
Net income from financial investments	[7]	61	78	(21.9)%
General administrative expenses	[8]	(1,388)	(1,519)	(8.6)%
Other net operating income	[9]	(31)	(148)	(79.2)%
Net income from disposal of group assets	[10]	(2)	(11)	(78.0)%
Profit/loss before tax		**467**	**518**	**(9.8)%**
Income taxes	[11]	(141)	(147)	(4.0)%
Profit/loss after tax		**326**	**371**	**(12.2)%**
Profit attributable to non-controlling interests		(38)	(27)	43.1%
Consolidated profit/loss		**288**	**344**	**(16.4)%**

Earnings per share

in €	1/1-30/6/2015	1/1-30/6/2014	Change
Earnings per share	0.98	1.24	(0.25)

1 Earnings per share published in the first half year 2014 considered dividend on participation capital. In 2014, no dividend was paid on participation capital. Therefore adapted earnings per share amounted to € 1.24.

Earnings per share are obtained by dividing consolidated profit by the average number of ordinary shares outstanding. As at June 30, 2015, the number of average ordinary shares oustanding was 292.4 million (June 30, 2014: 278.5 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

	Total		Group equity		Non-controlling interests	
in € million	1/1-30/6 2015	1/1-30/6 2014	1/1-30/6 2015	1/1-30/6 2014	1/1-30/6 2015	1/1-30/6 2014
Profit/loss after tax	**326**	**371**	**288**	**344**	**38**	**27**
Items which are not reclassified to profit and loss	**(2)**	**0**	**(2)**	**0**	**0**	**0**
Remeasurements of defined benefit plans	(2)	0	(2)	0	0	0
Deferred taxes on items which are not reclassified to profit and loss	1	0	1	0	0	0
Items that may be reclassified subsequently to profit or loss	**255**	**(352)**	**258**	**(343)**	**(3)**	**(9)**
Exchange differences	239	(387)	243	(375)	(3)	(12)
Capital hedge	15	2	15	2	0	0
Hyperinflation	0	25	0	22	0	3
Net gains (losses) on derivatives hedging fluctuating cash flows	3	(2)	3	(2)	0	0
Net gains (losses) on financial assets available-for-sale	2	13	2	13	0	0
Deferred taxes on income and expenses directly recognized in equity	(5)	(3)	(5)	(3)	0	0
Other comprehensive income	**253**	**(351)**	**256**	**(343)**	**(3)**	**(9)**
Total comprehensive income	**579**	**20**	**544**	**1**	**35**	**18**

Quarterly results

in € million	Q3/2014	Q4/2014	Q1/2015	Q2/2015
Net interest income	940	895	820	862
Net provisioning for impairment losses	(515)	(633)	(260)	(332)
Net interest income after provisioning	**425**	**262**	**560**	**530**
Net fee and commission income	404	417	360	385
Net trading income	30	(68)	(62)	64
Net income from derivatives and liabilities	103	28	20	(29)
Net income from financial investments	23	(39)	64	(3)
General administrative expenses	(776)	(728)	(691)	(697)
Other net operating income	(225)	(352)	(63)	33
Net income from disposal of group assets	1	0	1	(3)
Profit/loss before tax	**(16)**	**(479)**	**188**	**279**
Income taxes	(96)	(243)	(88)	(53)
Profit/loss after tax	**(112)**	**(722)**	**100**	**226**
Profit attributable to non-controlling interests	(7)	4	(17)	(22)
Consolidated profit/loss	**(119)**	**(718)**	**83**	**204**

in € million	Q3/2013	Q4/2013	Q1/2014	Q2/2014
Net interest income	940	953	979	975
Net provisioning for impairment losses	(330)	(350)	(281)	(287)
Net interest income after provisioning	**610**	**603**	**697**	**688**
Net fee and commission income	417	424	376	389
Net trading income	100	81	(19)	28
Net income from derivatives and liabilities	(56)	(14)	(27)	(15)
Net income from financial investments	9	(15)	37	42
General administrative expenses	(813)	(910)	(755)	(764)
Other net operating income	(38)	(30)	(57)	(90)
Net income from disposal of group assets	0	0	(11)	0
Profit/loss before tax	**229**	**138**	**240**	**278**
Income taxes	(80)	4	(67)	(79)
Profit/loss after tax	**149**	**142**	**173**	**198**
Profit attributable to non-controlling interests	(15)	4	(12)	(15)
Consolidated profit/loss	**134**	**146**	**161**	**183**

Statement of financial position

Assets in € million	Notes	30/6/2015	31/12/2014	Change
Cash reserve	[13]	9,459	6,769	39.8%
Loans and advances to banks	[14, 39]	13,038	15,573	(16.3)%
Loans and advances to customers	[15, 39]	76,295	77,925	(2.1)%
Impairment losses on loans and advances	[16]	(6,175)	(6,069)	1.7%
Trading assets	[17, 39]	6,912	7,917	(12.7)%
Derivatives	[18, 39]	1,736	1,643	5.6%
Financial investments	[19, 39]	14,469	14,468	0.0%
Intangible fixed assets	[20]	739	759	(2.7)%
Tangible fixed assets	[21]	1,623	1,408	15.3%
Other assets	[22, 39]	1,639	1,231	33.1%
Total assets		**119,734**	**121,624**	**(1.6)%**

Equity and liabilities in € million	Notes	30/6/2015	31/12/2014	Change
Deposits from banks	[23, 39]	21,732	22,408	(3.0)%
Deposits from customers	[24, 39]	67,018	66,094	1.4%
Debt securities issued	[25, 39]	8,627	10,593	(18.6)%
Provisions for liabilities and charges	[26, 39]	801	969	(17.4)%
Trading liabilities	[27, 39]	5,968	6,877	(13.2)%
Derivatives	[28, 39]	1,051	778	35.1%
Other liabilities	[29, 39]	1,412	1,417	(0.3)%
Subordinated capital	[30, 39]	4,343	4,185	3.8%
Equity	[31]	8,783	8,302	5.8%
Consolidated equity		8,014	8,300	(3.5)%
Consolidated profit/loss		288	(493)	–
Non-controlling interests		482	495	(2.6)%
Total equity and liabilities		**119,734**	**121,624**	**(1.6)%**

Statement of changes in equity

in € million	Subscribed capital	Participation capital	Capital reserves	Retained earnings	Consolidated profit/loss	Non-controlling interests	Total
Equity as at 1/1/2015	**892**	**0**	**4,991**	**2,417**	**(493)**	**495**	**8,302**
Capital increases/decreases	0	0	0	0	0	0	0
Transferred to retained earnings	0	0	0	(493)	493	0	0
Dividend payments	0	0	0	0	0	(51)	(51)
Total comprehensive income	0	0	0	256	288	35	579
Own shares/share incentive program	0	0	0	0	0	0	0
Other changes	0	0	0	(50)	0	4	(46)
Equity as at 30/6/2015	**892**	**0**	**4,992**	**2,130**	**288**	**482**	**8,783**

in € million	Subscribed capital	Participation capital	Capital reserves	Retained earnings	Consolidated profit/loss	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	(1,750)	2,429	0	0	7	984
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	(343)	344	18	20
Own shares/share incentive program	0	0	(7)	7	0	0	0
Other changes	0	0	(6)	16	0	9	19
Equity as at 30/6/2014	**892**	**750**	**4,992**	**3,391**	**344**	**477**	**10,846**

Statement of cash flows

in € million	1/1-30/6/2015	1/1-30/6/2014
Cash and cash equivalents at the end of previous period	**6,769**	**6,674**
Net cash from operating activities	786	(1,743)
Net cash from investing activities	1,603	(166)
Net cash from financing activities	23	706
Effect of exchange rate changes	279	(156)
Cash and cash equivalents at the end of period	**9,459**	**5,315**

Segment reporting

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

In February 2015, RBI decided to implement a range of measures to increase its regulatory capitalization. These are intended to improve the CET1 ratio (fully loaded) to 12 per cent by the end of 2017. The planned steps will particularly affect those of RBI's business activities that generate low net income, have high capital requirements or are of lesser strategic importance. These measures include the sale of the units in Poland and Slovenia as well as the online bank Zuno AG. In line with the Group's focus on Central and Eastern Europe, business activities in Asia and the USA will be significantly reduced or exited by the end of 2017 and the end of 2016, respectively. For this reason, segment reporting was adapted at the start of the year. A separate Non-Core segment encompasses those business divisions which are to be disposed of or reduced. Additionally, the units in Belarus, Kazakhstan, Russia and Ukraine have been combined in the Eastern Europe segment.

This results in the following segments:

- Central Europe (Czech Republic, Hungary and Slovakia)
- Southeastern Europe (Albania, Bosnia and Herzegovina, Bulgaria, Croatia, Kosovo, Romania and Serbia)
- Eastern Europe (Belarus, Kazakhstan, Russia and Ukraine)
- Group Corporates (large corporate business activities with Austrian and multinational customers operated from Vienna)
- Group Markets (capital market-based customer and proprietary business operated from Vienna)
- Corporate Center (central control functions at Group head office and other Group units)
- Non-Core (Asia, Poland, Slovenia, USA and Zuno AG)

1/1-30/6/2015 in € million	Central Europe	Southeastern Europe	Eastern Europe	Group Corporates	Group Markets
Net interest income	329	398	505	172	45
Net fee and commission income	197	178	194	37	67
Net trading income	26	25	(10)	0	36
Sundry net operating income	(20)	8	(9)	1	6
Operating income	**532**	**610**	**680**	**210**	**153**
General administrative expenses	(294)	(321)	(269)	(59)	(108)
Operating result	**238**	**289**	**410**	**151**	**45**
Net provisioning for impairment losses	(64)	(83)	(239)	(122)	(1)
Other results	(9)	(10)	73	(7)	(8)
Profit/loss before tax	**165**	**196**	**245**	**22**	**36**
Income taxes	(38)	(26)	(61)	(5)	(8)
Profit/loss after tax	**126**	**170**	**184**	**16**	**28**
Profit attributable to non-controlling interests	(35)	(1)	(5)	0	0
Profit/loss after deduction of non-controlling interests	**91**	**169**	**179**	**16**	**28**
Risk-weighted assets (credit risk)	11,481	11,872	12,389	8,493	2,639
Risk-weighted assets (total RWA)	13,649	14,316	14,631	9,267	5,283
Total capital requirement	1,092	1,145	1,170	741	423
Assets	25,079	21,299	17,515	15,726	14,651
Liabilities	22,790	18,367	15,494	10,682	21,159
Net interest margin (average interest-bearing assets)	2.75%	3.97%	6.20%	2.05%	0.86%
NPL ratio	8.4%	12.8%	16.7%	8.3%	13.5%
NPL coverage ratio	71.4%	68.5%	82.8%	60.2%	67.6%
Cost/income ratio	55.3%	52.6%	39.6%	28.2%	70.5%
Provisioning ratio (average loans and advances to customers)	0.69%	1.25%	3.79%	1.54%	0.08%
Average equity	1,703	1,703	1,691	1,116	571
Return on equity before tax	**19.3%**	**23.1%**	**29.0%**	**3.9%**	**12.7%**
Business outlets	407	1,072	924	0	4

1/1-30/6/2015 in € million	Corporate Center	Non-Core	Reconciliation	Total
Net interest income	749	208	(724)	1,682
Net fee and commission income	(1)	83	(10)	745
Net trading income	(80)	7	(1)	2
Sundry net operating income	62	10	(42)	15
Operating income	**730**	**308**	**(778)**	**2,444**
General administrative expenses	(174)	(206)	44	(1,388)
Operating result	**556**	**102**	**(735)**	**1,056**
Net provisioning for impairment losses	(2)	(84)	3	(592)
Other results	(19)	(1)	(17)	3
Profit/loss before tax	**535**	**16**	**(749)**	**467**
Income taxes	13	(14)	0	(141)
Profit/loss after tax	**548**	**2**	**(749)**	**326**
Profit attributable to non-controlling interests	(12)	0	15	(38)
Profit/loss after deduction of non-controlling interests	**536**	**2**	**(734)**	**288**
Risk-weighted assets (credit risk)	14,697	10,803	(14,901)	57,472
Risk-weighted assets (total RWA)	15,756	12,510	(15,462)	69,950
Total capital requirement	1,261	1,001	(1,237)	5,596
Assets	30,373	20,000	(24,908)	119,734
Liabilities	23,126	17,658	(18,325)	110,951
Net interest margin (average interest-bearing assets)	–	2.11%	–	3.00%
NPL ratio	–	14.6%	–	11.9%
NPL coverage ratio	–	55.7%	–	66.6%
Cost/income ratio	23.9%	67.0%	–	56.8%
Provisioning ratio (average loans and advances to customers)	–	1.15%	–	1.49%
Average equity	2,091	1,486	(1,864)	8,495
Return on equity before tax	**–**	**2.2%**	**–**	**11.0%**
Business outlets	1	373	–	2,781

1/1-30/6 2014 in € million	Central Europe	Southeastern Europe	Eastern Europe	Group Corporates	Group Markets
Net interest income	351	418	609	158	69
Net fee and commission income	185	172	237	60	58
Net trading income	8	32	(19)	2	39
Sundry net operating income	(14)	18	3	0	8
Operating income	**530**	**641**	**830**	**221**	**174**
General administrative expenses	(302)	(332)	(387)	(65)	(125)
Operating result	**228**	**309**	**443**	**157**	**49**
Net provisioning for impairment losses	(83)	(134)	(255)	(43)	2
Other results	(111)	6	77	(3)	(5)
Profit/loss before tax	**33**	**180**	**264**	**111**	**46**
Income taxes	(32)	(26)	(56)	(28)	(10)
Profit/loss after tax	**1**	**154**	**209**	**83**	**36**
Profit attributable to non-controlling interests	(23)	(1)	(2)	0	0
Profit/loss after deduction of non-controlling interests	**(22)**	**153**	**206**	**83**	**36**

Risk-weighted assets (credit risk)	12,767	12,191	13,479	8,653	3,932
Risk-weighted assets (total RWA)	14,966	14,763	16,387	9,235	4,573
Total capital requirement	1,197	1,181	1,311	739	366
Assets	23,325	20,885	20,601	16,579	18,333
Liabilities	21,303	17,940	17,531	10,367	16,436
Net interest margin (average interest-bearing assets)	3.19%	4.31%	6.40%	1.53%	1.07%
NPL ratio	11.8%	14.5%	11.4%	6.6%	11.4%
NPL coverage ratio	65.0%	63.6%	78.6%	47.9%	65.7%
Cost/income ratio	57.0%	51.8%	46.6%	29.2%	71.7%
Provisioning ratio (average loans and advances to customers)	0.93%	1.94%	3.65%	0.48%	(0.10)%
Average equity	2,338	2,322	2,581	1,876	541
Return on equity before tax	**2.9%**	**15.5%**	**20.5%**	**11.9%**	**17.0%**
Business outlets	430	1,094	1,011	1	4

1/1-30/6 2014 in € million	Corporate Center	Non-Core	Reconciliation	Total
Net interest income	724	271	(646)	1,954
Net fee and commission income	(8)	85	(26)	765
Net trading income	(30)	(5)	(18)	9
Sundry net operating income	61	4	(62)	19
Operating income	**747**	**355**	**(751)**	**2,747**
General administrative expenses	(139)	(223)	55	(1,519)
Operating result	**607**	**131**	**(697)**	**1,228**
Net provisioning for impairment losses	(6)	(47)	(1)	(568)
Other results	(101)	(2)	(3)	(142)
Profit/loss before tax	**501**	**82**	**(700)**	**518**
Income taxes	22	(16)	0	(147)
Profit/loss after tax	**523**	**66**	**(700)**	**371**
Profit attributable to non-controlling interests	(2)	(1)	2	(27)
Profit/loss after deduction of non-controlling interests	**521**	**65**	**(698)**	**344**
Risk-weighted assets (credit risk)	17,577	11,569	(15,817)	64,351
Risk-weighted assets (total RWA)	19,596	13,055	(14,653)	77,922
Total capital requirement	1,568	1,044	(1,172)	6,234
Assets	32,703	23,026	(28,173)	127,279
Liabilities	27,584	21,623	(16,350)	116,433
Net interest margin (average interest-bearing assets)	–	2.47%	–	3.33%
NPL ratio	–	9.2%	–	10.7%
NPL coverage ratio	–	67.6%	–	65.3%
Cost/income ratio	18.7%	62.9%	–	55.3%
Provisioning ratio (average loans and advances to customers)	–	0.61%	–	1.41%
Average equity	2,825	1,901	(2,353)	12,032
Return on equity before tax	**–**	**8.6%**	**–**	**8.6%**
Business outlets	1	393	0	2,934

Notes

Principles underlying the consolidated financial statements

Principles of preparation

The condensed interim consolidated financial statements 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 June 30, 2015 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 June 30, 2015 underwent an audit inspection carried out by the certified auditor KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, Vienna.

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 2014 (see Annual Report 2014, page 212 ff). Standards and interpretations to be applied in the EU from January 1, 2015 onward were accounted for in this interim report.

The relevant provisions for accounting in hyperinflation economies according to IAS 29 were applied for two subsidiaries in Belarus until December 31, 2014. Since 2011, the historical acquisition and production costs had been adjusted due to the changes in the general purchasing power and had been disclosed in the prevailing measuring unit at the reporting date until December 31, 2014. From January 1, 2015 on, accounting for hyperinflation economies was finished because the relevant parameters indicating hyperinflation were no longer given. The carrying values in 2015 were based on all carrying values stated in the prevailing measuring unit as at December 31, 2014. Expense and income items were again translated with the average exchange rate for the consolidated financial statements while the application of IAS 29 required period-end exchange rates.

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.

Application of IFRS 5

In February 2015, RBI decided to sell units in Poland and Slovenia as well as the online bank ZUNO BANK AG, Vienna, in the course of a strategy adaptation. Besides that, the disposal of the ZAO NPF Raiffeisen, Moscow, was also fixed. In Poland, the sale process has already started, but is delayed due to the current surrounding conditions. Therefore, a closing within a one-year period is unlikely. Consequently, the disclosure as discontinued operations was resigned. In Slovenia, sale activities stopped and the execution of the company was initiated. The disclosure according to IFRS 5 for all other units was resigned due to immateriality.

Application of new and revised standards

The annual improvements to IFRS 2010–2012 cycle (entry into force February 1, 2015 in the EU) and 2011–2013 cycle (entry into force January 1, 2015 in the EU) comprise numerous amendments to various standards. The amendments are effective for annual periods beginning on or after February 1, 2015. They comprise amendments to various IFRS with impacts on the recognition, measurement and disclosure of business cases as well as terminological and editorial adaptations.

The amendments to IAS 19 (entry into force February 1, 2015 in the EU) clarify the provisions that relate to the allocation of employee or third party contributions linked to service to periods of service. In addition, a solution that simplifies accounting practice is permitted if the amount of the contributions is independent on the number of years of service performed.

The first-time application of the above mentioned IFRS had no material impact on the interim consolidated financial statements as the amendments had been contingently applicable.

Currencies

Rates in units per €	2015 As at 30/6	2015 Average 1/ - 30/6	2014 As at 31/12	2014 Average 1/1 -30/6
Albanian lek (ALL)	140.290	140.337	140.140	140.179
Belarusian rouble (BYR)	16.974.000	16.216.286	14.380.000	13.511.429
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)	7.595	7.632	7.658	7.621
Czech koruna (CZK)	27.253	27.512	27.735	27.442
Hungarian forint (HUF)	314.930	308.096	315.540	306.810
Kazakh tenge (KZT)	206.980	207.959	221.970	239.423
Malaysian Ringgit (MYR)	4.219	4.090	4.247	4.479
Polish zloty (PLN)	4.191	4.152	4.273	4.178
Romanian leu (RON)	4.473	4.444	4.483	4.452
Russian rouble (RUB)	62.355	65.910	72.337	47.850
Serbian dinar (RSD)	120.604	120.889	120.958	115.571
Singapore dollar (SGD)	1.507	1.516	1.606	1.729
Turkish lira (TRY)	2.995	2.876	2.832	2.963
Ukrainian hryvnia (UAH)	23.541	23.431	19.233	14.069
US-Dollar (USD)	1.119	1.126	1.214	1.372

Consolidated group

Number of units	Fully consolidated 30/6/2015	Fully consolidated 31/12/2014	Equity method 30/6/2015	Equity method 31/12/2014
As at beginning of period	**135**	**143**	**0**	**1**
Included for the first time in the financial period	15	10	0	0
Merged in the financial period	(1)	0	0	0
Excluded in the financial period	(23)	(18)	0	(1)
As at end of period	**126**	**135**	**0**	**0**

Three companies operating in leasing business and 12 companies in investment business are included in the Group for the first time. 17 entities were excluded due to immateriality and further six companies were sold.

Notes to the income statement

(1) Income statement according to measurement categories

in € million	1/1-30/6/2015	1/1-30/6/2014
Net income from financial assets and liabilities held-for-trading	121	305
Net income from financial assets and liabilities at fair value through profit or loss	277	104
Net income from financial assets available-for-sale	13	12
Net income from loans and advances	1,514	1,840
Net income from financial assets held-to-maturity	77	83
Net income from financial liabilities measured at acquisition cost	(855)	(923)
Net income from derivatives (hedging)	105	66
Net revaluations from exchange differences	(110)	(57)
Sundry operating income and expenses	(676)	(912)
Profit/loss before tax	**467**	**518**

(2) Net interest income

in € million	1/1-30/6/2015	1/1-30/6/2014
Interest and interest-like income, total	**2,533**	**2,878**
Interest income	2,504	2,851
from balances at central banks	19	16
from loans and advances to banks	87	94
from loans and advances to customers	1,902	2,194
from financial investments	160	214
from leasing claims	88	92
from derivative financial instruments - economic hedge	135	181
from derivative financial instruments - hedge accounting	112	60
Current income	20	15
from shares and other variable-yield securities	1	1
from shares in affiliated companies	8	12
from other interests	11	2
Interest-like income	9	12
Interest expenses and interest-like expenses, total	**(851)**	**(924)**
Interest expenses	(822)	(897)
on deposits from central banks	(35)	(5)
on deposits from banks	(101)	(166)
on deposits from customers	(498)	(495)
on debt securities issued	(96)	(127)
on subordinated capital	(92)	(103)
Interest-like expenses	(29)	(28)
Total	**1,682**	**1,954**

(3) Net provisioning for impairment losses

in € million	1/1-30/6/2015	1/1-30/6/2014
Individual loan loss provisions	**(583)**	**(555)**
Allocation to provisions for impairment losses	(999)	(864)
Release of provisions for impairment losses	437	333
Direct write-downs	(71)	(55)
Income received on written-down claims	50	31
Portfolio-based loan loss provisions	**(12)**	**(15)**
Allocation to provisions for impairment losses	(198)	(199)
Release of provisions for impairment losses	186	184
Gains from loan termination or sale	**3**	**2**
Total	**(592)**	**(568)**

(4) Net fee and commission income

in € million	1/1-30/6/2015	1/1-30/6/2014
Payment transfer business	306	355
Loan and guarantee business	104	104
Securities business	70	63
Foreign currency, notes/coins, and precious metals business	187	180
Management of investment and pension funds	22	16
Sale of own and third party products	23	23
Other banking services	32	24
Total	**745**	**765**

(5) Net trading income

in € million	1/1-30/6/2015	1/1-30/6/2014
Interest-based transactions	78	39
Currency-based transactions	(104)	(26)
Equity-/index-based transactions	21	29
Other transactions	6	(33)
Total	**2**	**9**

The item currency-based transactions included a valuation loss from a hedging transaction related to Russian rouble-denominated dividend income amounting to € 70 million. The refinancing expenses for trading assets that are included in net trading income amounted to € 13 million (comparable period: € 26 million).

(6) Income from derivatives and liabilities

in € million	1/1-30/6/2015	1/1-30/6/2014
Net income from hedge accounting	(7)	6
Net income from other derivatives	(126)	58
Net income from liabilities designated at fair value	127	(108)
Income from repurchase of liabilities	(3)	1
Total	**(10)**	**(43)**

Net income from other derivatives includes valuation results from those derivatives, which are held to hedge against market risks (except trading assets/liabilities). They are based on a non-homogeneous portfolio and do not satisfy the requirements for hedge accounting according to IAS 39.

Net income from liabilities designated at fair value comprises a profit from changes in own credit risk amounting to € 12 million (2014: positive effect of € 24 million) and a positive effect from changes in market interest rates totaling € 115 million (2014: negative effect of € 132 million).

(7) Net income from financial investments

in € million	1/1-30/6/2015	1/1-30/6/2014
Net income from securities held-to-maturity	**1**	**0**
Net valuations of securities	0	0
Net proceeds from sales of securities	1	0
Net income from equity participations	**(7)**	**(4)**
Net valuations of equity participations	(10)	(5)
Net proceeds from sales of equity participations	3	1
Net income from securities at fair value through profit and loss	**66**	**80**
Net valuations of securities	65	76
Net proceeds from sales of securities	1	4
Net income from available-for-sale securities	**1**	**2**
Total	**61**	**78**

(8) General administrative expenses

in € million	1/1-30/6/2015	1/1-30/6/2014
Staff expenses	**(656)**	**(776)**
Wages and salaries	(500)	(585)
Social security costs and staff-related taxes	(128)	(149)
Other voluntary social expenses	(19)	(20)
Sundry staff expenses	(9)	(23)
Other administrative expenses	**(578)**	**(582)**
Office space expenses	(138)	(160)
IT expenses	(127)	(125)
Communication expenses	(35)	(37)
Legal, advisory and consulting expenses	(41)	(46)
Advertising, PR and promotional expenses	(44)	(50)
Deposit insurance fees	(58)	(53)
Resolution fund	(41)	0
Office supplies	(12)	(14)
Car expenses	(9)	(10)
Security expenses	(16)	(24)
Traveling expenses	(7)	(8)
Training expenses for staff	(6)	(7)
Sundry administrative expenses	(43)	(48)
Depreciation of tangible and intangible fixed assets	**(154)**	**(161)**
Tangible fixed assets	(72)	(73)
Intangible fixed assets	(68)	(74)
Leased assets (operating lease)	(14)	(15)
Total	**(1,388)**	**(1,519)**

(9) Other net operating income

in € million	1/1-30/6/2015	1/1-30/6/2014
Net income arising from non-banking activities	13	9
Rental income from operating lease (vehicles and equipment)	15	16
Rental income from investment property incl. operating lease (real estate)	23	22
Net proceeds from disposal of tangible and intangible fixed assets	0	8
Other taxes	(104)	(140)
hereof bank levies	(68)	(100)
Impairment of goodwill	(3)	0
Net expense from allocation and release of other provisions	(13)	(7)
Negative interest	(1)	0
Profit/loss from legal measures relating to consumer protection	25	(67)
Sundry operating income and expenses	14	12
Total	**(31)**	**(148)**

In Hungary, a provision of € 33 million formed in the previous year in connection with the Settlement Act (unilateral interest rate changes for consumer loans) was released. In the previous year, an allocation of € 67 million was made for the first half of 2014 after the plan was announced.

Changes in consumer protection legislation in Croatia and Serbia resulted in a one-off effect in the form of a provision amounting to € 8 million in the reporting period.

An impairment test was carried out for a subsidiary (Ukrainian Processing Center PJSC) due to the continuing stressed market environment in Ukraine. This resulted in an impairment loss on goodwill of € 3 million.

(10) Net income from disposal of group assets

In the reporting period, 17 subsidiaries were excluded from the consolidated group due to materiality reasons. Moreover, six subsidiaries were excluded due to sale. Net income from disposal of group assets amounted to minus € 2 million.

(11) Income taxes

in € million	1/1-30/6/2015	1/1-30/6/2014
Current income taxes	(85)	(151)
Austria	2	(26)
Foreign	(86)	(126)
Deferred taxes	(56)	4
Total	**(141)**	**(147)**

Notes to the statement of financial position

(12) Statement of financial position according to measurement categories

Assets according to measurement categories in € million	30/6/2015	31/12/2014[1]
Cash reserve	9,459	6,769
Trading assets	7,915	8,618
Financial assets at fair value through profit or loss	5,175	3,854
Financial assets available-for-sale	2,738	2,366
Loans and advances	84,728	88,620
Financial assets held-to-maturity	6,556	8,248
Derivatives (hedging)	733	942
Other assets	2,430	2,208
Total assets	**119,734**	**121,624**

1 Adaptation of previous year figures due to change in classification.

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	30/6/2015	31/12/2014
Trading liabilities	6,558	7,455
Financial liabilities	101,585	102,102
Liabilities at fair value through profit and loss	1,547	2,596
Derivatives (hedging)	461	201
Provisions for liabilities and charges	801	969
Equity	8,783	8,302
Total equity and liabilities	**119,734**	**121,624**

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

(13) Cash reserve

in € million	30/6/2015	31/12/2014
Cash in hand	2,091	3,025
Balances at central banks	7,368	3,743
Total	**9,459**	**6,769**

(14) Loans and advances to banks

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

in € million	30/6/2015	31/12/2014
Austria	3,198	3,453
Foreign	9,840	12,120
Total	**13,038**	**15,573**

(15) Loans and advances to customers

in € million	30/6/2015	31/12/2014
Sovereigns	1,348	1,451
Corporate customers – large corporates	46,283	48,582
Corporate customers – mid market	3,003	2,958
Retail customers – private individuals	22,828	22,317
Retail customers – small and medium-sized entities	2,832	2,618
Total	**76,295**	**77,925**

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

in € million	30/6/2015	31/12/2014
Austria	6,421	6,945
Foreign	69,874	70,980
Total	**76,295**	**77,925**

(16) Impairment losses on loans and advances

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

in € million	30/6/2015	31/12/2014
Banks	118	115
Sovereigns	5	1
Corporate customers – large corporates	3,742	3,583
Corporate customers – mid market	324	305
Retail customers – private individuals	1,705	1,811
Retail customers – small and medium-sized entities	282	255
Total	**6,175**	**6,069**

(17) Trading assets

in € million	30/6/2015	31/12/2014
Bonds, notes and other fixed-interest securities	3,021	3,100
Shares and other variable-yield securities	275	348
Positive fair values of derivative financial instruments	3,616	4,469
Total	**6,912**	**7,917**

Pledged securities ready to be sold or repledged by transferee shown under trading assets amounted to € 741 million (31/12/2014: € 679 million).

(18) Derivatives

in € million	30/6/2015	31/12/2014
Positive fair values of derivatives in fair value hedges (IAS 39)	733	941
Positive fair values of derivatives in net investment hedge (IAS 39)	15	0
Positive fair values of other derivatives	988	701
Total	**1,736**	**1,643**

(19) Financial investments

in € million	30/6/2015	31/12/2014
Bonds, notes and other fixed-interest securities	14,183	14,030
Shares and other variable-yield securities	10	8
Equity participations	276	430
Total	**14,469**	**14,468**

Pledged securities ready to be sold or repledged by the transferee shown under financial investments amounted to € 35 million (31/12/2014: € 352 million).

(20) Intangible fixed assets

in € million	30/6/2015	31/12/2014
Goodwill	139	140
Software	519	531
Other intangible fixed assets	81	88
Total	**739**	**759**

(21) Tangible fixed assets

in € million	30/6/2015	31/12/2014
Land and buildings used by the Group for own purpose	562	568
Other land and buildings (investment property)	496	275
Office furniture, equipment and other tangible fixed assets	272	298
Leased assets (operating lease)	293	266
Total	**1,623**	**1,408**

(22) Other assets

in € million	30/6/2015	31/12/2014
Tax assets	319	365
Current tax assets	86	81
Deferred tax assets	234	285
Receivables arising from non-banking activities	70	63
Prepayments and other deferrals	174	249
Clearing claims from securities and payment transfer business	168	256
Lease in progress	39	30
Assets held for sale (IFRS 5)	37	90
Inventories	68	41
Valuation fair value hedge portfolio	12	29
Any other business	752	108
Total	**1,639**	**1,231**

(23) Deposits from banks

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

in € million	30/6/2015	31/12/2014
Austria	8,733	8,765
Foreign	12,999	13,643
Total	**21,732**	**22,408**

(24) Deposits from customers

in € million	30/6/2015	31.12.2014[1]
Sovereigns	2,083	1,151
Corporate customers – large corporates	29,065	31,289
Corporate customers – mid market	2,599	2,729
Retail customers – private individuals	28,906	26,786
Retail customers – small and medium-sized entities	4,364	4,140
Total	**67,018**	**66,094**

1 Adaptation of previous year figures due to change in classification.

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

in € million	30/6/2015	31/12/2014
Austria	6,044	6,493
Foreign	60,974	59,601
Total	**67,018**	**66,094**

(25) Debt securities issued

in € million	30/6/2015	31/12/2014
Bonds and notes issued	8,283	10,059
Money market instruments issued	331	517
Other debt securities issued	12	17
Total	**8,627**	**10,593**

(26) Provisions for liabilities and charges

in € million	30/6/2015	31/12/2014
Severance payments and other	85	81
Retirement benefits	34	33
Taxes	105	129
Current	51	83
Deferred	54	46
Contingent liabilities and commitments	107	98
Pending legal issues	70	94
Overdue vacation	52	51
Bonus payments	145	154
Restructuring	21	13
Settlement Act Hungary	44	251
Other	138	64
Total	**801**	**969**

The item other as at June 30, 2015 includes provisions related to the Resolution fund of € 41 million.

(27) Trading liabilities

in € million	30/6/2015	31/12/2014
Negative fair values of derivative financial instruments	**4,803**	**5,686**
Interest-based transactions	2,770	3,079
Currency-based transactions	848	1,445
Equity-/index-based transactions	1,025	1,018
Credit derivatives business	16	17
Other transactions	144	128
Short-selling of trading assets	**500**	**498**
Certificates issued	**665**	**693**
Total	**5,968**	**6,877**

(28) Derivatives

in € million	30/6/2015	31/12/2014
Negative fair values of derivatives in fair value hedges (IAS 39)	190	137
Negative fair values of derivatives in cash flow hedges (IAS 39)	271	63
Negative fair values of other derivative financial instruments	590	578
Total	**1,051**	**778**

(29) Other liabilities

in € million	30/6/2015	31/12/2014
Liabilities from non-banking activities	62	52
Liabilities from insurance contracts	459	202
Accruals and deferred items	211	225
Liabilities from dividends	36	1
Clearing claims from securities and payment transfer business	389	414
Valuation fair value hedge portfolio	60	144
Liabilities held for Sale (IFRS 5)	0	12
Other liabilities	196	368
Total	**1,412**	**1,417**

(30) Subordinated capital

in € million	30/6/2015	31/12/2014
Hybrid tier 1 capital	397	397
Subordinated liabilities	3,946	3,788
Total	**4,343**	**4,185**

(31) Equity

in € million	30/6/2015	31/12/2014
Consolidated equity	8,014	8,300
Subscribed capital	892	892
Capital reserves	4,992	4,991
Retained earnings	2,130	2,417
Consolidated profit/loss	288	(493)
Non-controlling interests	482	495
Total	**8,783**	**8,302**

As at June 30, 2015 subscribed capital of RBI AG as defined by the articles of incorporation amounted to € 894 million. After deduction of 557,295 own shares, the stated subscribed capital totaled € 892 million.

Risk report

(32) Risks arising from financial instruments

Active risk management is a core competency of the Group. In order to effectively identify, measure, and manage risks, the Group continuously develops its comprehensive risk management system. Risk management is an integral part of overall bank management. In particular, in addition to legal and regulatory requirements, it takes into account the nature, scale and complexity of the business activities and the resulting risks. The principles and organization of risk management are disclosed in the relevant chapters of the 2014 Annual Report, pages 153 ff.

Economic capital

Economic capital constitutes an important instrument in overall bank management. It sets the internal capital requirement for all material risk categories based on comparable models and thus allows for an aggregated view of the Group's risk profile. Economic capital is therefore an important instrument in Group risk management and is used for making risk-adjusted business decisions and in performance measurement. For this purpose, a business unit's profit is set in relation to the economic capital attributed to the unit (return on risk-adjusted capital, RORAC).

Risk contribution of individual risk types to economic capital:

in € million	30/6/2015	Share	31/12/2014	Share
Credit risk corporate customers	1,852	27.9%	1,810	24.5%
Credit risk retail customers	1,738	26.1%	1,555	21.1%
Operational risk	639	9.6%	630	8.5%
Market risk	504	7.6%	1,367	18.5%
Credit risk sovereigns	500	7.5%	468	6.3%
Macroeconomic risk	462	6.9%	462	6.3%
Other tangible fixed assets	252	3.8%	275	3.7%
Credit risk financial institutions	195	2.9%	194	2.6%
Participation risk	104	1.6%	130	1.8%
Liquidity risk	51	0.8%	93	1.3%
CVA risk	35	0.5%	40	0.5%
Risk buffer	317	4.8%	351	4.8%
Total	**6,650**	**100.0%**	**7,376**	**100.0%**

Regional allocation of economic capital according to Group unit domicile:

in € million	30/6/2015	Share	31/12/2014[1]	Share
Central Europe	2,368	35.6%	2,236	30.3%
Eastern Europe	1,809	27.2%	2,749	37.3%
Southeastern Europe	1,378	20.7%	1,304	17.7%
Austria	968	14.6%	936	12.7%
Rest of World	127	1.9%	151	2.0%
Total	**6,650**	**100.0%**	**7,376**	**100.0%**

1 Adaptation of previous year figures due to change in presentation of regions.

The Group uses a confidence level of 99.92 per cent for calculating economic capital. This confidence level is derived from the probability of default implied by the target rating. Based on the empirical analysis of rating agencies, the selected confidence level corresponds to a rating of single 'A'. 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 CRR)

The following table reconciles the items on the statement of financial position (banking and trading book positions) with the total 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, which are however considered in the overall assessment of credit risks. The total credit exposure is used – if not explicitly stated otherwise – for showing exposures in the following tables in the risk report. The reasons for the deviation between the internal portfolio management and external accounting figures are the different scopes of consolidation (regulatory versus IFRS, i.e. corporate legal basis) and different classification and presentation of exposure volumes.

in € million	30/6/2015	31/12/2014[1]
Cash reserve	7,368	3,743
Loans and advances to banks	13,038	15,573
Loans and advances to customers	76,295	77,925
Trading assets	6,912	7,917
Derivatives	1,736	1,643
Financial investments	14,183	14,030
Other assets	1,345	860
Contingent liabilities	10,390	10,038
Commitments	10,882	10,020
Revocable credit lines	16,494	18,269
Description differences	(3,216)	(4,779)
Total	**155,427**	**155,240**

Items on the statement of financial position contain only credit risk portions.
1 Adaptation of previous year figures due to change in classification.

A more detailed credit portfolio analysis is based on individual customer ratings. Customer rating assessments 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 probabilities related to the same ordinal rating grade (e.g. good credit standing corporates 4, financial institutions A3, and sovereigns A3) are not directly comparable across these asset classes.

Rating models in the main non-retail asset classes – corporates, financial institutions, and sovereigns – are uniform across the Group 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. business valuation, rating and default database).

Credit portfolio – Corporates

The following table shows the total credit exposure by internal rating to corporate customers (large corporates, mid-market and small corporates). To provide a more concise overview, the individual grades of the rating scale are summarized in the 9 main rating grades.

in € million		30/6/2015	Share	31/12/2014	Share
1	Minimal risk	4,711	6.4%	4,197	5.6%
2	Excellent credit standing	8,802	12.0%	10,172	13.6%
3	Very good credit standing	7,939	10.9%	9,004	12.0%
4	Good credit standing	10,916	14.9%	10,044	13.4%
5	Sound credit standing	13,468	18.4%	13,794	18.4%
6	Acceptable credit standing	11,217	15.3%	11,288	15.1%
7	Marginal credit standing	5,905	8.1%	5,950	7.9%
8	Weak credit standing / sub-standard	2,535	3.5%	2,694	3.6%
9	Very weak credit standing / doubtful	1,230	1.7%	1,566	2.1%
10	Default	6,052	8.3%	5,921	7.9%
NR	Not rated	377	0.5%	213	0.3%
Total		**73,152**	**100.0%**	**74,842**	**100.0%**

Compared to year-end 2014, total credit exposure to corporate customers decreased € 1,690 million to € 73,152 million. At the end of the second quarter, the largest segment in terms of corporate customers was Group Corporates with € 24,298 million, followed by Central Europe with € 13,372 million, Non-Core with € 10,975 million and Eastern Europe with € 10,506 million. The rest is divided between Southeastern Europe with € 8,671 million, Group Markets with € 4,289 million and Corporate Center with € 1,041 million.

The share of loans with good to minimal risk credit profiles slightly decreased to 44.2 per cent (2014: 44.6 per cent). The share of loans with marginal credit standing to even weaker credit profiles decreased from 13.6 per cent to 13.3 per cent. The portfolio's growth is strongly focused on economically prosperous markets. The high lending standards resulted in new loans being granted primarily to customers with good credit ratings. The share of defaulted loans according to CRR (rating 10) amounted to 8.3 per cent, or € 6,052 million, of total credit exposure to corporate customers.

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

in € million		30/6/2015	Share	31/12/2014	Share
6.1	Excellent project risk profile – very low risk	3,494	42.6%	3,571	41.5%
6.2	Good project risk profile – low risk	2,724	33.3%	3,100	36.0%
6.3	Acceptable project risk profile – average risk	489	6.0%	734	8.5%
6.4	Poor project risk profile – high risk	455	5.5%	487	5.7%
6.5	Default	843	10.3%	717	8.3%
NR	Not rated	187	2.3%	0	0.0%
Total		**8,193**	**100.0%**	**8,609**	**100.0%**

At the end of the second quarter, credit exposure to project finance amounted to € 8,193 million, with the two best rating grades – excellent project risk profile with very low risk and good project risk profile with low risk - accounting for the highest share, at 75.9 per cent. This reflects mainly the high level of collateralization in such specialized lending transactions. Compared to year-end 2014, the share of 'not rated' credit exposure increased to 2.3 per cent or € 187 million.

The following table provides a breakdown by country of risk of total credit exposure to corporates and project finance grouped into regions:

in € million	30/6/2015	Share	31/12/2014[1]	Share
Central Europe	23,388	28.8%	22,453	26.9%
Austria	14,982	18.4%	15,943	19.1%
Eastern Europe	14,524	17.9%	15,553	18.6%
Southeastern Europe	10,129	12.5%	10,805	12.9%
Western Europe	8,447	10.4%	9,197	11.0%
Asia	5,021	6.2%	4,995	6.0%
Other	4,854	6.0%	4,504	5.4%
Total	**81,345**	**100.0%**	**83,451**	**100.0%**

1 Adaptation of previous year figures due to changes in presentation of regions.

The table below provides a breakdown of total credit exposure to corporates and project finance by industry:

in € million	30/6/2015	Share	31/12/2014	Share
Wholesale and retail trade	19,183	23.6%	19,367	23.2%
Manufacturing	17,186	21.1%	18,112	21.7%
Real estate	9,358	11.5%	9,612	11.5%
Financial intermediation	8,631	10.6%	9,786	11.7%
Construction	5,948	7.3%	5,473	6.6%
Transport, storage and communication	3,647	4.5%	3,613	4.3%
Electricity, gas, steam and hot water supply	3,700	4.5%	3,236	3.9%
Freelance/technical services	4,396	5.4%	4,390	5.3%
Other industries	9,296	11.4%	9,863	11.8%
Total	**81,345**	**100.0%**	**83,451**	**100.0%**

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	30/6/2015	Share	31/12/2014	Share
Retail customers – private individuals	25,387	88.6%	25,273	88.3%
Retail customers – small and medium-sized entities	3,265	11.4%	3,347	11.7%
Total	**28,651**	**100.0%**	**28,620**	**100.0%**
hereof non-performing loans	2,564	8.9%	2,622	9.2%
hereof individual loan loss provision	1,764	6.2%	1,864	6.5%
hereof portfolio-based loan loss provision	239	0.8%	202	0.7%

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

30/6/2015 in € million	Central Europe	Southeastern Europe	Eastern Europe	Group Markets	Non-Core
Retail customers – private individuals	8,082	6,843	4,382	13	6,066
Retail customers – small and medium-sized entities	1,040	880	564	0	781
Total	**9,122**	**7,723**	**4,946**	**13**	**6,847**
hereof non-performing loans	488	539	995	0	541
hereof individual loan loss provision	293	329	836	0	263
hereof portfolio-based loan loss provision	74	38	94	0	28

31/12/2014[1] in € million	Central Europe	Southeastern Europe	Eastern Europe	Group Markets	Non-Core
Retail customers – private individuals	8,297	7,051	4,332	12	5,581
Retail customers – small and medium-sized entities	1,099	934	574	0	739
Total	**9,396**	**7,986**	**4,906**	**12**	**6,320**
hereof non-performing loans	751	569	815	0	487
hereof individual loan loss provision	541	359	701	0	233
hereof portfolio-based loan loss provision	62	34	66	0	35

1 Adaptation of previous year figures due to changes in segments.

Compared to year-end 2014, the total credit exposure to retail customers increased € 31 million to € 28,651 million in the first half of 2015. The highest volume amounting to € 9,122 million was booked in the segment Central Europe. Compared to year-end 2014, this represented a decrease of € 274 million. This was mainly due to the impact of the Settlement Act in Hungary which was partly offset by increases in credit exposure to private individuals in Slovakia. Southeastern Europe ranked second with a credit exposure of € 7,723 million. Compared to year-end 2014, this represents a decrease of € 263 million. Compared to year-end 2014, the segment Non-Core showed an increase of € 527 million mainly due to increased loan volumes in Poland and the currency development of the Swiss franc and the Polish zloty. The segment Eastern Europe reported an increase of € 40 million mainly resulting from currency appreciation of the Russian rouble partly offset by the currency devaluation of the Ukrainian hryvnia.

In the table below, total retail exposure by product is shown:

in € million	30/6/2015	Share	31/12/2014	Share
Mortgage loans	15,110	52.7%	14,639	51.1%
Personal loans	6,242	21.8%	6,076	21.2%
Credit cards	2,616	9.1%	2,551	8.9%
Car loans	1,412	4.9%	2,100	7.3%
Overdraft	1,764	6.2%	1,782	6.2%
SME financing	1,507	5.3%	1,473	5.1%
Total	**28,651**	**100.0%**	**28,620**	**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	30/6/2015	Share	31/12/2014	Share
Swiss franc	3,909	45.9%	4,229	47.0%
Euro	3,752	44.1%	3,905	43.4%
US-Dollar	843	9.9%	863	9.6%
Other foreign currencies	9	0.1%	10	0.1%
Loans in foreign currencies	**8,511**	**100.0%**	**9,007**	**100.0%**
Share of total loans	29.7%		31.5%	

Compared to year-end 2014, foreign currency loans in Swiss francs and US-Dollars and Euro loans declined despite a positive currency development. The decrease of foreign currency loans in Swiss francs mainly resulted from the conversion of loans into Hungarian forint according to the Settlement Act in Hungary.

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 total credit exposure by internal rating to 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 calculated based on a combination of internal and external data.

in € million		30/6/2015	Share	31/12/2014	Share
A1	Excellent credit standing	0	0.0%	0	0.0%
A2	Very good credit standing	1,818	9.4%	1,487	6.9%
A3	Good credit standing	1,898	9.8%	7,928	37.0%
B1	Sound credit standing	10,722	55.2%	6,364	29.7%
B2	Average credit standing	1,438	7.4%	2,748	12.8%
B3	Mediocre credit standing	1,872	9.6%	1,261	5.9%
B4	Weak credit standing	620	3.2%	521	2.4%
B5	Very weak credit standing	267	1.4%	339	1.6%
C	Doubtful/high default risk	203	1.0%	124	0.6%
D	Default	195	1.0%	194	0.9%
NR	Not rated	401	2.1%	448	2.1%
Total		**19,433**	**100.0%**	**21,414**	**100.0%**

Total credit exposure amounted to € 19,433 million at the end of the second quarter, which represents a decrease of € 1,981 million compared to the year-end 2014. This mainly resulted from a decline of repo and swap business which was partly offset by an increase in deposits placed with financial institutions and bonds issued by financial institutions.

At € 10,722 million, or 55.2 per cent, the bulk of this customer group was in the B1 rating class, which increased € 4,358 million compared to year-end 2014. This mainly resulted from a rating migration from A3 to B1. At the same time, rating grade A3 reported the largest decline of € 6,030 million compared to year-end 2014.

At € 14,076 million, or 72.4 per cent, the Group Markets segment accounted for the highest share of the credit portfolio with respect to financial institutions, followed by the segment Southeastern Europe with € 1,549 million, or 8.0 per cent.

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

in € million	30/6/2015	Share	31/12/2014	Share
Derivatives	4,275	22.0%	5,301	24.8%
Loans	5,398	27.8%	5,219	24.4%
Money market	3,148	16.2%	2,835	13.2%
Repo	2,337	12.0%	4,150	19.4%
Bonds	2,800	14.4%	2,473	11.5%
Other	1,475	7.6%	1,437	6.7%
Total	**19,433**	**100.0%**	**21,414**	**100.0%**

Credit portfolio – Sovereigns

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

in € million		30/6/2015	Share	31/12/2014	Share
A1	Excellent credit standing	7,849	30.2%	3,651	16.8%
A2	Very good credit standing	1,223	4.7%	1,406	6.5%
A3	Good credit standing	3,337	12.8%	3,629	16.7%
B1	Sound credit standing	3,020	11.6%	2,986	13.7%
B2	Average credit standing	2,454	9.4%	3,276	15.1%
B3	Mediocre credit standing	2,597	10.0%	1,700	7.8%
B4	Weak credit standing	4,078	15.7%	3,952	18.2%
B5	Very weak credit standing	724	2.8%	880	4.0%
C	Doubtful/high default risk	697	2.7%	272	1.3%
D	Default	4	0.0%	0	0.0%
NR	Not rated	16	0.1%	2	0.0%
Total		**25,999**	**100.0%**	**21,754**	**100.0%**

Compared to year-end 2014, the credit exposure to sovereigns increased € 4,245 million to € 25,999 million in the first half of 2015, which represents 16.7 per cent of the bank's total credit exposure.

The rating class excellent credit standing (A1 rating) reported an increase of € 4,198 million. This mainly resulted from a rise in deposits at the Austrian National Bank (up € 4,025 million).

The intermediate rating classes, good credit standing (A3 rating) to mediocre credit standing (B3 rating), accounted for the highest share with 43.8 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 and segment Non-Core at their local central banks. These serve to meet the respective minimum reserve requirements or are used to manage excess liquidity on a short-term basis, and are therefore inextricably linked to the business activities in these countries. Furthermore, this high exposure resulted from bonds issued by central banks and governments in Central and Southeastern Europe and segment Non-Core. The decrease in the rating class B2 was mainly due to a rating migration of Russia from B2 to B3 and the reduction in deposits at the Romanian National Bank.

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

in € million	30/6/2015	Share	31/12/2014	Share
Bonds	13,895	53.4%	14,249	65.5%
Loans	11,256	43.3%	5,996	27.6%
Derivatives	809	3.1%	791	3.6%
Other	37	0.1%	718	3.3%
Total	**25,999**	**100.0%**	**21,754**	**100.0%**

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

in € million	30/6/2015	Share	31.12.2014[1]	Share
Hungary	2,600	32.0%	2,646	38.9%
Croatia	896	11.0%	894	13.1%
Bulgaria	848	10.5%	395	5.8%
Albania	708	8.7%	744	10.9%
Russia	628	7.7%	0	0.0%
Serbia	529	6.5%	310	4.6%
Bosnia and Herzegovina	510	6.3%	432	6.4%
Ukraine	375	4.6%	267	3.9%
Belarus	316	3.9%	243	3.6%
Vietnam	166	2.0%	174	2.6%
Other	540	6.7%	701	10.3%
Total	**8,115**	**100.0%**	**6,807**	**100.0%**

1 Adaptation of previous year figures and reclassification of Slovenia to item 'Other' due to significant reduction in exposure.

The credit exposure mainly arises from deposits of Group units with the local central banks in Central, Southeastern and Eastern 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.

Compared to year-end 2014, the credit exposure to non-investment grade sovereigns increased € 1,308 million to € 8,115 million. This increase mainly resulted from a rating migration of Russia from B2 to B3 and the increase of the minimum reserve at the Bulgarian National Bank.

Non-performing exposure

An amended definition of non-performing exposure (NPE) was published on the EBA homepage (Article 179) on 18 March 2015. This amendment resulted in a significant decrease of non-performing exposure according to the CRR/CRD IV definition. Only those exposures which were classified as defaulted non-performing exposure (NPL) in the past but recovered in the meantime, are classified automatically as non-performing exposure based on a repeated restructuring. Exposures which were not classified as NPL in the past are to be reassessed in the course of a further restructuring and are not automatically classified as NPE. This explains the strong decrease compared to year-end 2014.

The following table shows the non-performing exposure by asset class:

in € million	30/6/2015	Share	31/12/2014[1]	Share
Corporate customers	143	48.8%	778	73.3%
Retail customers	150	51.2%	283	26.6%
Banks	0	0.0%	1	0.1%
Sovereigns	0	0.0%	0	0.0%
Total	**293**	**100.0%**	**1,062**	**100.0%**

1 Due to an unreasonably high effort, the previous year figures were not adapted.

Non-performing loans and provisioning

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

	NPL		NPL ratio		NPL coverage ratio	
in € million	30/6/2015	31/12/2014	30/6/2015	31/12/2014	30/6/2015	31/12/2014
Corporate customers	6,545	6,227	12.0%	12.1%	64.6%	62.4%
Retail customers	2,549	2,611	10.0%	10.5%	76.4%	79.1%
Sovereigns	4	0	0.5%	0.0%	86.3%	344.1%
Total non-banks	**9,099**	**8,838**	**11.9%**	**11.3%**	**66.6%**	**67.4%**
Banks	133	130	0.6%	0.8%	88.3%	88.2%
Total	**9,232**	**8,968**	**10.3%**	**9.6%**	**66.9%**	**67.7%**

The table below shows the volume of non-performing loans (NPL), the proportion they make up of 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 by segment:

	NPL		NPL ratio		NPL coverage ratio	
in € million	30/6/2015	31/12/2014[1]	30/6/2015	31/12/2014[1]	30/6/2015	31/12/2014[1]
Central Europe	1,587	1,931	7.5%	9.0%	71.4%	73.6%
Southeastern Europe	1,691	1,770	11.2%	11.6%	68.5%	66.5%
Eastern Europe	2,045	1,764	12.9%	12.6%	82.9%	82.4%
Non-Core	2,185	1,830	13.7%	10.3%	55.7%	47.7%
Group Corporates	1,274	1,240	8.1%	7.6%	60.2%	65.7%
Group Markets	412	395	4.8%	3.9%	74.0%	79.7%
Corporate Center	37	38	0.4%	0.8%	54.0%	52.1%
Total	**9,232**	**8,968**	**10.3%**	**9.6%**	**66.9%**	**67.7%**

1 Adaptation of previous year figures due to changes in segments.

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 1/1/2015	Change in consolidated group/ Exchange differences	Additions	Disposals	As at 30/6/2015
Corporate customers	6,227	151	1,089	(922)	6,545
Retail customers	2,611	100	419	(580)	2,549
Sovereigns	0	0	4	0	4
Total non-banks	**8,838**	**250**	**1,513**	**(1,503)**	**9,099**
Banks	130	4	0	(1)	133
Total	**8,968**	**254**	**1,513**	**(1,503)**	**9,232**

In Corporate Customers, total non-performing loans increased € 318 million to € 6,545 million at the end of the second quarter. The ratio of non-performing loans total loans decreased 0.1 percentage points to 12.0 per cent, however the NPL coverage ratio increased 2.2 percentage points to 64.6 per cent. In the retail portfolio, non-performing loans went down 2.4 per cent, or € 61 million, to € 2,549 million. The ratio of non-performing loans to total loans decreased 0.5 percentage points to 10.0 per cent, the NPL coverage ratio sank 2.7 percentage points to 76.4 per cent. Non-performing loans to financial institutions amounted to € 133 million at the end of the second quarter, thus representing an increase of € 3 million compared to year-end 2014, and the NPL coverage ratio rose 0.1 percentage points to 88.3 per cent.

In segment Non-Core, non-performing loans increased significantly by 19.4 per cent, or € 355 million, to € 2,185 million, which mainly resulted from non-performing loan exposure in Asia. Here, the NPL ratio rose 3.4 percentage points to 13.7 per cent, while the NPL coverage ratio increased 8.0 percentage points to 55.7 per cent. In the segment Eastern Europe, non-performing loans increased 15.9 per cent, or € 281 million, to € 2,045 million. The ratio of non-performing loans to ttotal loans rose 0.3 percentage points to 12.9 per cent, while the NPL coverage increased 0.5 percentage points to 82.9 per cent. In the segment Group Corporates, non-performing loans increased 2.8 per cent, or € 34 million, to € 1,274 million. Here, the NPL ratio increased 0.5 percentage points to 8.1 per cent and the NPL coverage ratio decreased 5.5 percentage points to 60.2 per cent. In the segment Group Markets, non-performing loans increased 4.2 per cent, or € 17 million, to € 412 million. The ratio of non-performing loans to total loans increased 0.9 percentage points to 4.8 per cent, while the NPL coverage ratio sank 5.7 percentage points to 74.0 per cent. In Central Europe, non-performing loans decreased 17.8 per cent, or € 345 million, to € 1,587 million. The ratio of non-performing loans to total loans decreased 1.5 percentage points to 7.5 per cent, while the NPL coverage ratio went down 2.2 percentage points to 71.4 per cent. In Southeastern Europe, non-performing loans declined 4.4 per cent, or € 78 million, to € 1,691 million. The ratio of non-performing loans to total loans went down 0.4 percentage points to 11.2 per cent, however, the NPL coverage ratio rose 2.0 percentage points to 68.5 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 1/1/2015	Change in consolidated group	Allocation[1]	Release	Usage[2]	Transfers, exchange differences	As at 30/6/2015
Individual loan loss provisions	5,726	11	1,020	(437)	(673)	163	5,811
Portfolio-based loan loss provisions	441	0	198	(186)	0	18	471
Total	**6,167**	**11**	**1,218**	**(623)**	**(674)**	**181**	**6,282**

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 of the Group. The following table shows the regional distribution of the credit exposure of all asset classes by the borrower's home country and grouped by region:

in € million	30/6/2015	Share	31/12/2014[1]	Share
Austria	**26,521**	**17.1%**	**23,613**	**15.2%**
Central Europe	**48,917**	**31.5%**	**47,964**	**30.9%**
Poland	15,665	10.1%	14,590	9.4%
Slovakia	12,445	8.0%	11,916	7.7%
Czech Republic	11,618	7.5%	11,593	7.5%
Hungary	7,944	5.1%	8,440	5.4%
Other	1,244	0.8%	1,424	0.9%
Other European Union	**20,017**	**12.9%**	**23,101**	**14.9%**
Germany	5,575	3.6%	5,962	3.8%
Great Britain	4,138	2.7%	6,040	3.9%
France	3,628	2.3%	3,812	2.5%
Netherlands	2,101	1.4%	1,974	1.3%
Other	4,575	2.9%	5,313	3.4%
Southeastern Europe	**23,594**	**15.2%**	**24,145**	**15.6%**
Romania	8,302	5.3%	8,915	5.7%
Croatia	5,075	3.3%	5,175	3.3%
Bulgaria	3,724	2.4%	3,692	2.4%
Serbia	1,955	1.3%	1,805	1.2%
Other	4,539	2.9%	4,558	2.9%
Asia	**7,329**	**4.7%**	**7,629**	**4.9%**
China	2,664	1.7%	3,207	2.1%
Singapore	1,454	0.9%	1,337	0.9%
Other	3,210	2.1%	3,086	2.0%
Eastern Europe	**22,416**	**14.4%**	**22,946**	**14.8%**
Russia	16,340	10.5%	16,803	10.8%
Ukraine	3,816	2.5%	4,007	2.6%
Belarus	1,740	1.1%	1,360	0.9%
Other	521	0.3%	776	0.5%
North America	**3,005**	**1.9%**	**2,899**	**1.9%**
Rest of World	**3,627**	**2.3%**	**2,942**	**1.9%**
Total	**155,427**	**100.0%**	**155,240**	**100.0%**

1 Adaptation of previous year figures due to changes in the presentation of regions.
As of second quarter 2015, Far East is mapped to Asia.

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. The Group holds no material volumes of government bonds issued by these countries.

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, implied volatility and equity indices. The Austrian Financial Market Authority has approved this model so that it can be used for calculating total capital requirements for market risks.

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 rate risks and credit spread risks arising from the bond books (frequently held as a liquidity reserve).

Total VaR 99% 1d in € million	VaR as at 30/6/2015	Average VaR	Minimum VaR	Maximum VaR	VaR as at 31/12/2014
Currency risk	20	43	19	114	114
Interest rate risk	10	21	10	63	54
Credit spread risk	19	20	9	41	18
Share price risk	1	1	1	1	1
Vega risk	1	2	1	6	1
Total	40	61	38	129	135

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

The modeling of risk arising from the structural currency position was improved insofar as goodwill, intangible assets and currency-induced fluctuations of risk-weighted assets are considered alongside the IFRS capital (including hedges).

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	30/6/2015			31/12/2014		
Maturity	1 week	1 month	1 year	1 week	1 month	1 year
Liquidity gap	17,759	16,615	20,482	15,443	15,202	16,237
Liquidity ratio	153%	137%	122%	159%	135%	117%

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

(33) Contingent liabilities and commitments

in € million	30/6/2015	31/12/2014
Contingent liabilities	**10,390**	**10,038**
Acceptances and endorsements	298	63
Credit guarantees	5,805	6,290
Other guarantees	2,263	2,191
Letters of credit (documentary business)	1,814	1,396
Other contingent liabilities	210	98
Commitments	**10,882**	**10,020**
Irrevocable credit lines and stand-by facilities	10,882	10,020
Up to 1 year	3,731	3,000
More than 1 year	7,151	7,019

(34) Derivatives

30/6/2015	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	27,229	62,661	45,140	135,030	3,879	(3,275)
Foreign exchange rate and gold contracts	47,564	11,723	2,602	61,890	1,374	(1,394)
Equity/index contracts	1,737	1,806	440	3,982	80	(1,026)
Commodities	128	174	51	353	2	(124)
Credit derivatives	382	1,383	0	1,765	16	(16)
Precious metals contracts	25	0	12	38	0	(20)
Total	**77,066**	**77,746**	**48,246**	**203,057**	**5,352**	**(5,854)**

31/12/2014	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	31,359	63,387	43,256	138,002	4,532	(3,489)
Foreign exchange rate and gold contracts	48,206	11,277	2,951	62,434	1,496	(1,813)
Equity/index contracts	1,705	1,895	1,140	4,741	64	(1,018)
Commodities	80	212	14	307	2	(103)
Credit derivatives	57	1,536	0	1,593	18	(17)
Precious metals contracts	15	20	12	48	0	(25)
Total	**81,423**	**78,328**	**47,374**	**207,126**	**6,112**	**(6,465)**

(35) Fair Value of financial instruments

Fair value of financial instruments not reported at fair value

30/6/2015 in € million	Level I	Level II	Level III	Fair value	Carrying amount	Difference
Assets						
Cash reserve	0	9,459	0	9,459	9,459	0
Loans and advances to banks	0	8,618	4,508	13,126	12,920	206
Loans and advances to customers	0	18,580	51,307	69,887	70,237	(350)
Financial investments	5,646	1,080	263	6,989	6,832	157
Liabilities						
Deposits from banks	0	18,262	3,581	21,843	21,732	111
Deposits from customers	0	26,634	40,754	67,388	67,018	370
Debt securities issued	472	5,616	964	7,053	7,080	(27)
Subordinated capital	0	4,182	408	4,591	4,343	248

31/12/2014 in € million	Level I	Level II	Level III	Fair value	Carrying amount	Difference
Assets						
Cash reserve	0	6,769	0	6,769	6,769	0
Loans and advances to banks	0	11,069	4,503	15,572	15,459	114
Loans and advances to customers	0	20,300	50,495	70,796	71,971	(1,175)
Financial investments	5,034	3,405	406	8,844	8,678	166
Liabilities						
Deposits from banks	0	18,388	4,057	22,445	22,408	37
Deposits from customers	0	27,069	39,289	66,358	66,094	264
Debt securities issued[1]	444	5,835	1,761	8,040	7,997	43
Subordinated capital[1]	0	4,239	410	4,649	4,185	464

1 Adaptation of previous year figures.

Fair value of financial instruments reported at fair value

in € million	30/6/2015 Level I	30/6/2015 Level II	30/6/2015 Level III	31/12/2014 Level I	31/12/2014 Level II	31/12/2014 Level III
Trading assets	**2,888**	**4,807**	**220**	**3,139**	**5,365**	**115**
Positive fair values of derivatives[1]	78	4,465	76	159	4,939	73
Shares and other variable-yield securities	275	0	0	346	2	0
Bonds, notes and other fixed-interest securities	2,536	341	144	2,634	424	42
Call/time deposits from trading purposes	0	0	0	0	0	0
Loans held for trading	0	0	0	0	0	0
Financial assets at fair value through profit or loss	**2,740**	**2,324**	**111**	**3,435**	**333**	**86**
Shares and other variable-yield securities	6	0	3	4	0	4
Bonds, notes and other fixed-interest securities	2,734	2,324	108	3,431	333	83
Financial assets available-for-sale	**2,196**	**193**	**76**	**1,857**	**0**	**82**
Other interests[2]	3	0	0	3	0	0
Bonds, notes and other fixed-interest securities	2,193	193	75	1,853	0	82
Shares and other variable-yield securities	1	0	0	1	0	0
Derivatives (hedging)	**0**	**733**	**0**	**0**	**942**	**0**
Positive fair values of derivatives from hedge accounting	0	733	0	0	942	0

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

in € million	30/6/2015 Level I	30/6/2015 Level II	30/6/2015 Level III	31/12/2014 Level I	31/12/2014 Level II	31/12/2014 Level III
Trading liabilities	**567**	**5,966**	**25**	**555**	**6,873**	**27**
Negative fair values of derivative financial instruments[1]	144	5,237	13	128	6,117	19
Short-selling of trading assets	423	73	4	427	71	0
Certificates issued	0	657	8	0	685	8
Liabilities at fair value through profit and loss	**0**	**1,547**	**0**	**0**	**2,596**	**0**
Debt securities issued[2]	0	1,547	0	0	2,596	0
Subordinated capital[2]	0	0	0	0	0	0
Derivatives (hedging)	**0**	**461**	**0**	**0**	**201**	**0**
Negative fair values of derivatives from hedge accounting	0	461	0	0	201	0

1 Including other derivatives.
2 Adaptation of previous year figures.

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 especially from investments in bonds, notes and other fixed-interest securities. Regarding bonds, notes and other fixed-interest securities, there was a slight shift from Level I to Level II. This was due to the fact that no quoted market prices for these financial instruments were available at the reporting date.

Movements in Level III of financial instruments at fair value

The following tables show the changes in the fair value of financial instruments whose fair value can not be calculated on the basis of observable market data and are therefore subject to other measurement models. Financial instruments of this category have a value component unobservable on the market and having a material impact on the fair value. In the reporting period, € 4.4 million were reclassified from Level II to Level III due to the changes of significance of unobservable parameters.

in € million	As at 1/1/2015	Change in consolidated group	Exchange differences	Purchases	Sales, repayment
Trading assets	115	0	(9)	180	(79)
Financial assets at fair value through profit or loss	86	0	0	50	(22)
Financial assets available-for-sale	82	0	2	10	(11)
Derivatives (hedging)	0	0	0	0	(2)

in € million	Gains/loss in P/L	Gains/loss in other comprehensive income	Transfer to level III	Transfer from level III	As at 30/6/2015
Trading assets	9	0	4	0	220
Financial assets at fair value through profit or loss	(3)	0	0	0	111
Financial assets available-for-sale	(7)	0	0	0	76
Derivatives (hedging)	0	2	0	0	0

in € million	As at 1/1/2015	Change in consolidated group	Exchange differences	Purchases	Sales, repayment
Trading liabilities	27	0	0	4	(6)

in € million	Gains/loss in P/L	Gains/loss in other comprehensive income	Transfer to level III	Transfer from level III	As at 30/6/2015
Trading liabilities	(1)	0	0	0	25

Qualitative information for the valuation of financial instruments in Level III

Financial assets	Type	Fair value in € million	Valuation technique	Significant unobservable inputs	Range of unobservable inputs
Shares and other variable-yield securities	Closed end real estate fund	0	Net asset value	Haircuts	20 - 50%
Shares and other variable-yield securities	Shares	3	Approximati on method	–	n.a.
Bonds, notes and other fixed-interest securities	Fixed coupon bonds	279	Discounted cash flow method	Credit spread	2 - 20%
Bonds, notes and other fixed-interest securities	Asset backed securities	49	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	76	Discounted cash flow method	Interest rate	10 - 30%
Total		**406**			

Financial liabilities	Type	Fair value in € million	Valuation technique	Significant unobservable inputs	Range of unobservable inputs
Negative fair value of banking book derivatives without hedge accounting	OTC options	17	Option model	Closing Period Currency risk LT volatility Index category	2 - 16% 0 - 5% 0 - 3% 0 - 5%
Issued certificates for trading purposes	Certificates	8	Option model	Closing period Bid-Ask Spread LT Volatility Index category	0 - 3% 0 - 3% 0 - 3% 0 - 2.5%
Total		**25**			

(36) Transferred financial assets

The following table shows the carrying amount of transferred financial assets:

30/6/2015		Transferred assets			Associated liabilities	
in € million	Carrying amount	hereof securitizations	hereof repurchase agreements	Carrying amount	hereof securitizations	hereof repurchase agreements
Loans and advances	276	213	63	188	133	55
Trading assets	400	0	400	333	0	333
Financial investments	8	0	8	8	0	8
Total	**684**	**213**	**471**	**529**	**133**	**396**

31/12/2014		Transferred assets				Associated liabilities
in € million	Carrying amount	hereof securitizations	hereof repurchase agreements	Carrying amount	hereof securitizations	hereof repurchase agreements
Loans and advances	321	258	63	217	162	55
Trading assets	79	0	79	73	0	73
Financial investments	124	0	124	88	0	88
Total	**524**	**258**	**266**	**378**	**162**	**216**

(37) Assets pledged as collateral and received financial assets

		30/6/2015		31/12/2014
in € million	Pledged	Otherwise restricted with liabilities	Pledged	Otherwise restricted with liabilities
Loans and advances[1]	8,545	1,455	7,087	1,735
Trading assets[2]	743	45	694	33
Financial investments	338	55	712	131
Total	**9,626**	**1,555**	**8,492**	**1,900**

1 Without loans and advances from reverse repo and securities lending business.
2 Without derivatives.

(38) Offsetting of financial assets and liabilities

The disclosures set out in the tables below, include financial assets and financial liabilities that are offset in the Group's statement of financial position or are subject to an enforceable/unenforceable master netting arrangement or similar agreement that covers similar financial instruments, irrespective of whether they are offset in the statement of financial position or not.

30/6/2015		Gross amount	Net amount	Related amounts not set-off in the statement of financial position		Net amount
in € million	of recognized assets set-off in the statement of financial position	of recognized liabilities set-off in the statement of financial position	of recognized assets set-off in the statement of financial position	Financial instruments	Cash collateral received	
Derivatives (legally enforceable)	5,159	271	4,888	4,058	40	790
Reverse repurchase, securities lending & similar agreements (legally enforceable)	2,416	0	2,416	2,389	0	26
Other financial instruments (legally enforceable)	4,122	469	3,653	372	0	3,281
Total	**11,697**	**741**	**10,957**	**6,819**	**40**	**4,097**

30/6/2015 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 Financial instruments	Cash collateral pledged	Net amount
Derivatives	4,841	271	4,569	3,818	100	652
Repurchase, securities lending & similar agreements	429	0	429	407	0	22
Other financial instruments	918	469	449	372	0	77
Total	**6,188**	**740**	**5,447**	**4,597**	**100**	**751**

31/12/2014 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 Financial instruments	Cash collateral received	Net amount
Derivatives (legally enforceable)	5,536	11	5,525	4,758	35	733
Reverse repurchase, securities lending & similar agreements	6,271	0	6,271	6,253	0	18
Other financial instruments	4,848	448	4,400	1,317	0	3,084
Total	**16,655**	**459**	**16,196**	**12,328**	**35**	**3,834**

31/12/2014 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 Financial instruments	Cash collateral pledged	Net amount
Derivatives	5,142	11	5,132	4,781	124	226
Repurchase, securities lending & similar agreements	406	0	406	399	0	7
Other financial instruments	1,817	447	1,369	1,317	0	53
Total	**7,365**	**458**	**6,907**	**6,497**	**124**	**285**

(39) 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:

30/6/2015 **in € million**	**Parent companies**	**Affiliated companies**	**Companies valued at equity**	**Other interests**
Loans and advances to banks	1,566	127	176	142
Loans and advances to customers	0	1,003	5	165
Trading assets	0	44	0	0
Financial investments	0	185	0	94
Other assets (incl. derivatives)	108	37	0	0
Deposits from banks	294	253	3,399	160
Deposits from customers	0	322	380	103
Debt securities issued	0	11	0	0
Provisions for liabilities and charges	0	8	0	0
Trading liabilities	0	72	11	0
Other liabilities including derivatives	9	26	0	0
Subordinated capital	0	62	0	0
Guarantees given	0	161	2	8
Guarantees received	754	328	148	39

31/12/2014 **in € million**	**Parent companies**	**Affiliated companies**	**Companies valued at equity**	**Other interests**
Loans and advances to banks	1,770	128	183	107
Loans and advances to customers	21	1,457	4	163
Trading assets	0	48	2	0
Financial investments	0	344	0	89
Other assets (incl. derivatives)	51	113	0	0
Deposits from banks	958	281	3,673	336
Deposits from customers	0	342	624	189
Debt securities issued	0	11	0	0
Provisions for liabilities and charges	0	0	0	0
Trading liabilities	0	88	13	0
Other liabilities including derivatives	0	28	0	1
Subordinated capital	0	0	0	0
Guarantees given	0	254	1	9
Guarantees received	793	342	178	37

(40) Capital management and total capital according to CRR/CRD IV and Austrian Banking Act (BWG)

From a regulatory view, the Group is supervised on a subgroup level according to Article 11 paragraph 5 CRR (Capital Requirement Regulation) based on the FMA (Finanzmarkt Austria) decision from 24 October 2014 and is the superordinated credit institution for the subgroup in terms of Section 30 Austrian Banking Act. Morover, the Group has to adhere to the legal total capital regulations on an individual basis and is additionally part of RZB credit institution group. A mid-year examination of the interim profit was carried out, based on a review by the auditor and therefore this interim profit was included in the calculation of total capital.

The total capital breaks down as follows:

in € million	30/6/2015	31/12/2014
Paid-in capital	5,884	5,883
Earned capital	2,141	1,625
Non-controlling interests	361	394
Common equity tier 1 (before deductions)	**8,386**	**7,902**
Intangible fixed assets/goodwill	(427)	(411)
Provision shortage for IRB positions	(15)	(9)
Deduction securitizations	(2)	(5)
Deduction deferred tax assets	0	0
Deduction loss carry forwards	(1)	0
Deduction insurance and other investments	0	0
Common equity tier 1 (after deductions)	**7,942**	**7,477**
Additional tier 1	309	353
Deduction securitizations	0	0
Intangible fixed assets/goodwill	(312)	(343)
Provision shortage for IRB positions	(11)	(17)
Deduction insurance and other investments	0	0
Non-controlling interests	15	7
Tier 1	**7,942**	**7,477**
Provision excess of internal rating approach positions	185	182
Hidden reserve	219	201
Long-term subordinated capital	3,245	3,132
Deduction securitizations	0	0
Deduction insurance and other investments	0	0
Non-controlling interests	21	12
Tier 2 (after deductions)	**3,670**	**3,527**
Total capital	**11,612**	**11,003**
Total capital requirement	**5,596**	**5,498**
Common equity tier 1 ratio (transitional)	11.4%	10.9%
Tier 1 ratio (transitional)	11.4%	10.9%
Total capital ratio (transitional)	16.6%	16.0%

Excluding the transitional provisions as defined within the CRR, the common equity tier 1 ratio (fully loaded) amounted to 10.7 per cent and the total capital ratio (fully loaded) amounted to 16.0 per cent.

The total capital requirement is composed as follows:

in € million	30/6/2015	31/12/2014
Risk-weighted assets (total RWA)	**69,950**	**68,721**
Total capital requirement for credit risk	4,598	4,564
Internal rating approach	2,613	2,658
Standardized approach	1,949	1,866
CVA risk	35	40
Total capital requirement for position risk in bonds, equities, commodities and open currency positions	290	254
Own funds requirement for operational risk	709	680
Total capital requirement	**5,596**	**5,498**

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

in € million	30/6/2015	31/12/2014
Risk-weighted assets according to standardized approach	**24,365**	**23,322**
Central governments and central banks	2,278	1,538
Regional governments	71	35
Public administration and non-profit organizations	10	9
Multilateral development banks	0	0
Banks	607	325
Corporate customers	9,887	9,925
Retail customers	8,200	7,998
Equity exposures	383	455
Covered bonds	0	9
Mutual funds	13	0
Securitization position	0	0
Other positions	2,916	3,026
Risk-weighted assets according to internal rating approach	**32,667**	**33,220**
Central governments and central banks	281	266
Banks	2,425	2,496
Corporate customers	25,580	25,412
Retail customers	4,101	4,686
Equity exposures	101	105
Securitization position	180	254
CVA risk	**440**	**506**
Total	**57,472**	**57,048**

(41) Average number of staff

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

Full-time equivalents	1/1-30/6/2015	1/1-30/6/2014
Austria	2,670	2,650
Foreign	51,841	54,754
Total	**54,511**	**57,404**

(42) Subsequent events

Change to Management Board: Andreas Gschwenter becomes new COO/CIO of RBI

Andreas Gschwenter assumed the role of Chief Operating Officer (COO) and Chief Information Officer (CIO) of RBI on 1 July 2015. Gschwenter succeeds Aris Bogdaneris, who left the bank in March. Born in early 1969, he holds a degree in business administration and as COO and CIO of Raiffeisen Bank AVAL in Ukraine was head of the IT, Operations and Cost Management areas there from 2010.

Retail banking (for which Aris Bogdaneris was responsible up until his departure) will continue to be run by Klemens Breuer alongside his responsibilities for the Group Markets area.

Polish draft bill on FX mortgage loans

During the night from the 5th to the 6th of August 2015, the lower house of the Polish parliament passed a draft bill for the conversion of FX mortgage loans. This bill would give private borrowers the right to convert loans at a fixed exchange rate given certain conditions, whereby the banks would have to carry 90 per cent of the burden of the conversion. There are still further legislative steps necessary for this draft bill to become law. The Polish parliament has, however, already been presented with legal opinions which question the constitutionality of the draft bill.

As of 30th of June 2015, the Polish unit of Raiffeisen Bank International AG had Swiss Franc exposure of approximately equivalent to € 3.2 billion. As the bill has not yet passed into law and as such the final parameters are not yet available, the exact impact it will have on RBI cannot be precisely calculated, at this point in time.

RBI to sell Russian Non-State Pension Fund (ZAO NPF Raiffeisen)

In mid-June 2015, AO Raiffeisenbank, Moscow, and BIN Group reached an agreement on the sale of ZAO NPF Raiffeisen, Moscow, and signed a set of binding documents on the deal. As required by applicable law, they filed a request to approve the transaction with the Federal Antimonopoly Service and the Central Bank of the Russian Federation. The sale will be closed after the parties receive all necessary approvals from regulators.

ZAO NPF Raiffeisen is a top-20 Russian non-state pension fund and was founded in 2004. The Fund manages roughly € 550 million in assets; in roubles, its asset base has more than quadrupled over the last three years. It manages over 250,000 pension accounts and offers a complete range of pension products for both corporate and private customers: corporate pension programs, mandatory pension insurance and individual pension plans.

Report on the Review of the condensed Interim Consolidated Financial Statements

Introduction

We have reviewed the accompanying condensed interim consolidated financial statements of Raiffeisen Bank International AG, Vienna, for the period from 1 January 2015 to 30 June 2015. These condensed interim consolidated financial statements comprise the consolidated statement of financial position as of 30 June 2015 and the consolidated statement of comprehensive income, consolidated statement of changes in equity and the condensed consolidated statements of cash flows for the period from 1 January 2015 to 30 June 2015 and the condensed notes, summarizing the significant accounting policies and other explanatory notes.

Management is responsible for the preparation of the condensed interim consolidated financial statements in accordance with International Financial Reporting Standards (IFRS's) for Interim Reporting as adopted by the EU.

Our responsibility is to express a conclusion on these condensed interim consolidated financial statements. Our liability towards the Company and towards third parties is limited to 12.0 million EUR in accordance with § 275 par. 2 of the Austrian Commercial Code (UGB).

Scope of review

We conducted our review in accordance with Austrian Standards for Chartered Accountants, in particular in compliance with KFS/PG 11 "Principles of Engagements to Review Financial Statements", and with the International Standard on Review Engagements (ISRE 2410) "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements is limited primarily to making inquiries, primarily of Company personnel, responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Austrian Standards on Auditing and/or International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing came to our attention that causes us to believe that the accompanying condensed interim consolidated financial statements are not prepared, in all material respects, in accordance with International Financial Reporting Standards (IFRS's) for Interim Reporting as adopted by the EU.

Statement on the consolidated interim management report for the 6 month period ended 30 June 2015 and on management's statement in accordance with § 87 Austrian Stock Exchange Act (BörseG)

We have read the consolidated interim management report and evaluated whether it does not contain any apparent inconsistencies with the condensed interim consolidated financial statements. Based on our evaluation, the consolidated interim management report does not contain any apparent inconsistencies with the condensed interim consolidated financial statements.

The interim financial information contains the statement by management in accordance with § 87 par. 1 subpar. 3 Austrian Stock Exchange Act.

Vienna, 13 August 2015

Mag. Wilhelm Kovsca

Wirtschaftsprüfer
(Austrian Chartered Accountant)

ppa Mag. Dr. Josef Kirchknopf

Steuerberater
(Tax Advisor)

Note: The condensed interim consolidated financial statements together with our review report may be published or transmitted only as agreed by us.

Statement of legal representatives

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

Vienna, 13 August 2015

The Management Board

Karl Sevelda

Chief Executive Officer responsible for Group Communications, Group Strategy, Human Resources, Internal Audit, International Banking Units, Legal Services, Management Secretariat, Marketing & Event Management, and Participations

Johann Strobl

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

Andreas Gschwenter

Member of the Management Board responsible for Group & Austrian IT, Lean, Operations, Procurement & Cost Management and Project Portfolio and Security

Klemens Breuer

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

Martin Grüll

Member of the Management Board responsible for Investor Relations, Planning & Finance, Tax Management, Treasury and Active Credit Management

Peter Lennkh

Member of the Management Board responsible for Corporate Customers, Corporate Sales Management & Development, International Business Support, Corporate Finance, Trade Finance and Transaction Banking

Publication details/Disclaimer

Publication details

Publisher: Raiffeisen Bank International AG, Am Stadtpark 9, 1030 Vienna, Austria
Editorial team: Group Investor Relations
Editorial deadline: 14 August 2015
Produced in Vienna
Internet: www.rbinternational.com

This report is also available in German.

Group Investor Relations inquiries:
E-mail: ir@rbinternational.com
Internet: www.rbinternational.com → Investor Relations
Phone: +43-1-71 707-2089

Group Communications inquiries:
E-mail: communications@rbinternational.com
Internet: www.rbinternational.com → Public Relations
Phone: +43-1-71 707-1298

Disclaimer

The forecasts, plans and forward-looking statements contained in this report are based on the state of knowledge and assessments of Raiffeisen Bank International AG at the time of its preparation. Like all statements addressing the future, they are subject to known and unknown risks and uncertainties that could cause actual results to differ materially. No guarantees can therefore be given that the forecasts and targeted values or the forward-looking statements will actually materialize.

This report is for information purposes only and contains neither a recommendation to buy or sell nor an offer of sale or subscription to shares nor does it constitute an invitation to make an offer to sell shares.

This report has been prepared and the data checked with the greatest possible care. Nonetheless, rounding, transmission, typesetting and printing errors cannot be ruled out. In the summing up of rounded amounts and percentages, rounding-off differences may occur. This report was prepared in German. The report in English is a translation of the original German report. The only authentic version is the German version. Raiffeisen Bank International AG is not liable for any losses or similar damages that may occur as a result of or in connection with the use of this report.