First Quarter Interim Report 2005

Raiffeisen INTERNATIONAL

Member of RZB Group

Survey of Key Data

Raiffeisen International Group Monetary values are in €mn	**Q1 2005**	**2004***	**Change**
Income Statement			
Net interest income after provisioning	230.2	138.0	66.8%
Net commission income	83.5	60.3	38.4%
Trading profit	55.1	47.8	15.2%
General administrative expenses	(240.9)	(166.7)	44.5%
Profit before tax	133.3	79.1	68.5%
Profit after tax	109.3	60.3	81.3%
Consolidated profit (without minorities)	92.8	44.9	106.6%
Balance Sheet			
Loans and advances to banks	6,091	4,779	27.4%
Loans and advances to customers	17,672	16,242	8.8%
Deposits from banks	7,642	6,620	15.4%
Deposits from customers	19,299	18,169	6.2%
Equity (incl. minorities and profit)	2,271	2,177	4.3%
Balance-sheet total	31,468	28,907	8.9%
Regulatory information			
Basis of assessment (incl. market risk)	22,023	19,638	12.1%
Total own funds	2,418	2,360	2.5%
Own funds requirement	1,762	1,571	12.1%
Excess cover	37.3%	50.2%	(12.9 PP)
Core capital ratio	9.1%	10.1%	(1.0 PP)
Own funds ratio	11.0%	12.0%	(1.0 PP)
Performance			
Return on equity (ROE) before tax	24.7%	22.2%	2.5 PP
Return on equity (ROE) after tax	20.3%	17.6%	2.7 PP
Consolidated return on equity (without minorities)	20.3%	17.0%	3.3 PP
Cost/income ratio	59.9%	63.5%	(3.6 PP)
Earnings per share in €	0.74	0.45	0.29
Return on assets (ROA) before tax	1.78%	1.40%	0.38 PP
Net provisioning ratio (risk-weighted assets)	0.52%	0.70%	(0.18 PP)
Risk/earnings ratio	11.03%	17.13%	(6.10 PP)
Resources			
Number of staff on reporting date	23,558	22,851	3.1%
of which in the Central Europe region	8,844	8,697	1.7%
of which in the Southeastern Europe region	10,651	10,292	3.5%
of which in the CIS region	3,899	3.718	4.7%
Business outlets	941	916	2.7%

* Asset/equity/liability items are as at the end of the previous year. Profit (loss) items are as for the same period of the previous year. Because of amended and new IFRS standards, comparative figures have been adjusted slightly (see page 20 et seq of the Notes). There may be variations in tables caused by rounding.

Highlights

Successful IPO

The IPO of *Raiffeisen International* in April 2005 was the biggest in the history of the Vienna stock exchange with a volume of € 1.11 billion. The stock register was oversubscribed by a factor of 22. Record demand from Austria and abroad made it necessary to shorten the subscription period and reduce allocations.

Another year-on-year increase in profits

First-quarter *Profit before tax* came to € 133 million, which was 69 per cent up on the same period of 2004. *Profit after tax* increased by 81 per cent from € 60 million to € 109 million.

Balance-sheet total passes the € 30 billion mark

The balance-sheet total of *Raiffeisen International* ended the first quarter 9 per cent up on the end of 2004 at € 31.5 billion. Nearly 2 per cent of the increase was attributable to fluctuations in exchange rates.

The Retail Customers Segment makes a significant contribution to profit

Retail Customers was the fastest-growing business segment. *Profit before tax* grew from € 3 million in the first quarter of 2004 to € 28 million during the period under review. Following the segment's break-even during the first quarter of 2004, it already accounted for 21 per cent of total profit.

New subsidiary founded in Kazakhstan

Raiffeisen-Leasing International set up a finance leasing subsidiary in Almaty in January 2005, increasing the number of markets in which *Raiffeisen International* operates to 16.

Overview of Raiffeisen International

Raiffeisen International Bank-Holding AG (Raiffeisen International) is the steering unit for the subsidiaries of *Raiffeisen Zentralbank Österreich AG (RZB)* in Central and Eastern Europe (CEE). At the end of the first quarter of 2005, the network managed by *Raiffeisen International* was made up of 15 banks and 14 finance leasing companies in Central and Eastern Europe. The *Raiffeisen International Network Banks* are among the three biggest banks in seven markets, and they are market leaders in three (Albania, Bosnia and Serbia and Montenegro).

A large number of specialist companies are collected together under the umbrella of *Raiffeisen International* alongside the *Network Banks*. In all, the Group is made up of 44 companies.

Data as on 31 March 2005	Balance-sheet total €mn	Change*	Business outlets	Staff	Operational since (Acquisition)
Raiffeisen Bank, Budapest	4,221	(2.2%)	77	1,859	1987
Raiffeisen Bank Polska, Warsaw	2,767	2.8%	70	1,808	1991
Tatra banka, Bratislava	4,798	10.9%	111	3,048	1991
Raiffeisenbank, Prague	2,336	12.5%	50	1,098	1993
Raiffeisenbank Bulgaria, Sofia	1,080	5.3%	55	912	1994
Raiffeisenbank Austria, Zagreb	3,391	6.4%	35	1,413	1994
Raiffeisenbank Austria, Moscow	2,655	26.6%	21	1,108	1997
Raiffeisenbank Ukraine, Kiev	673	7.3%	17	844	1998
Raiffeisen Bank, Bucharest	2,459	17.9%	202	4,720	1998
Raiffeisen Bank Bosna i Hercegovina, Sarajevo	1,076	2.1%	66	1,098	2000
Raiffeisenbank, Belgrade	924	5.6%	30	901	2001
Raiffeisen Krekova banka, Maribor	679	1.5%	13	301	2002
Raiffeisen Bank Kosovo, Pristina	178	18.7%	22	322	2002
Priorbank, Minsk	542	12.9%	42	1,863	2003
Raiffeisen Bank, Tirana	1,678	1.9%	84	1,022	2004
Sub-total (Network Banks)	**29,459**	**7.9%**	**895**	**22,317**	
Raiffeisen-Leasing International (Sub-Group)	1,813	3.6%	45	959	–
Other/consolidation	196	–	1	282	–
Total (Raiffeisen International)	**31,468**	**8.9%**	**941**	**23,558**	**–**

* Growth in local-currency terms may differ because of movements versus the euro.

RZB is the central institution of the *Raiffeisen Bankengruppe (RBG)*, which is Austria's strongest banking group. It is one of the country's foremost corporate and investment banks and also sees Central and Eastern Europe as its home market. Its balance-sheet total of € 67.9 billion makes it Austria's third-largest bank, and growth in its business volumes and profit during 2004 far exceeded market averages.

The Raiffeisen International Share

Successful launch of the RI share

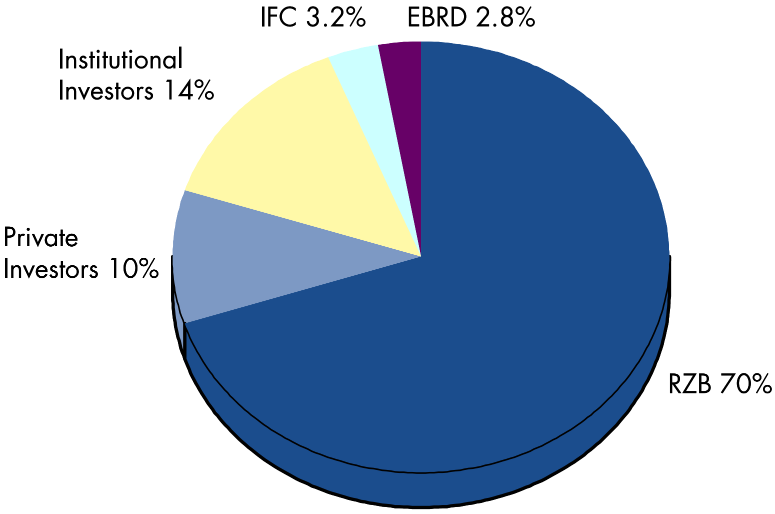
The RI share was launched on the Vienna stock exchange on 25 April 2005. Its issue price of € 32.50 per share was deliberately placed below the top end of the *bookbuilding* range (€ 27 to € 33) to create a solid basis for future gains in price.

The share's initial auction price was € 39.00 and it closed its first day of trading at € 41.39. That translates into a price gain of 27 per cent versus the issue price. That was all the more pleasing given that the economic environment and the tone of the stock market were fluctuating during the IPO.

The RI share is proving to be a magnet to investors

Interest in the issue was already lively in the weeks before the IPO and before the price spread had been announced. The fact that it was oversubscribed by a factor of 22 mirrors the positive response to the road show, one-on-one meetings and, not least, presentations to private shareholders in Austria. Overwhelming demand forced *Raiffeisen International* to end the subscription period earlier than planned.

Shareholder Structure after the IPO (incl. green shoe)



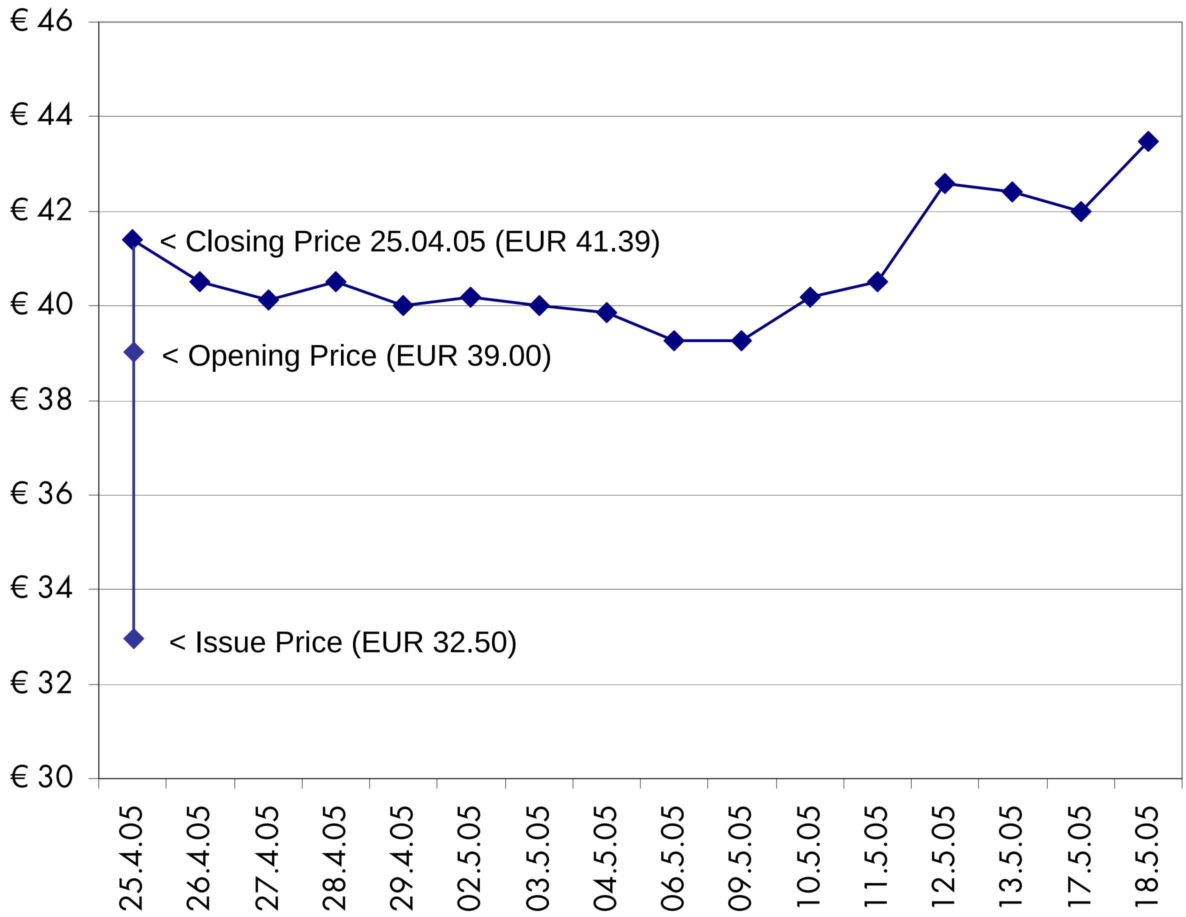
After the IPO and exercise of the green shoe option, the RI share had a free float of 30 per cent. Consequently, at the time of issue, institutional investors held 14 per cent of total shares outstanding, and private investors held 10 per cent. The *International Finance Corporation (IFC)* and the *European Bank for Reconstruction and Development (EBRD)* hold 3.2 and 2.8 per cent, respectively, of *Raiffeisen International*'s capital stock. *Raiffeisen Zentralbank Österreich AG (RZB)* remains majority shareholder with a stake of 70 per cent.

Austria's biggest-ever IPO

The decision to exercise the green shoe option (overallotment provision) increased the number of placed shares from an original figure of 29.80 million to 34.27 million. The proceeds from the IPO thus totalled about € 1.11 billion, making the RI issue the biggest IPO in the history of the Austrian capital markets.

As a result, the RI shares have been listed as *ATX* and *ATX Prime* shares since 28 April 2005. The *ATX* includes the 22 most important stocks in Austria. The RI share ranked fourth in the *ATX* upon admission with a weighting of 7.58 per cent.

Price development since the first day of trading



Transparency in communications

Raiffeisen International's investor relations and communication activities were in full swing throughout the IPO to make sure that the public were fully aware of the merits and potential of the RI share. Its most outstanding features include

- concentration on the Group's home markets in Central and Eastern Europe,
- a strong position in the emerging market in the region and
- steady and powerful growth in business volumes and profit.

The international *road show* was underway for 13 days, holding 250 meetings in 17 cities in 10 different countries. Eight events for customers attended by nearly 9,000 people took place in Austria, where *Raiffeisen International* made a public offering.

The dialogue that began then is being continued by systematic investor relations work. In particular, it includes regular, transparent and open communication with shareholders, analysts and the media. The main thrust is on providing the best possible flow of information and on using the heightened level of public awareness of *Raiffeisen International* to attract new shareholders.

Details of the IPO (After Exercise of the Green Shoe Option)

ISIN No.	*AT 0000606306*
Ticker symbol	*RIBH*
	RIBH AV (Bloomberg)
	RIBH.VI (Reuters)
Trade segment	*Amtlicher Handel (Official Trade)*
Market segment	*Prime Market*
Price range (bookbuilding)	*€ 27 to € 33*
Subscription period	*4 April through 21 April 2005 (private placements)*
	4 April through 15 April 2005 (private investors)
First day of trading	*25 April 2005*
Issue price per share	*€ 32.50*
First market price	*€ 39.00*
Share type	*No-par bearer share (Stückaktie)*
Shares offered	*29,800,000 ordinaries plus 4,400,000 (green shoe)*
Shares outstanding before IPO	*125,000000*
Shares outstanding after IPO	*142,770,000*
Proceeds from issue	*€ 1,113 million*
Issued share capital after IPO	*€ 434 million*
Market capitalization (18 May 2005)	*€ 6,209 million*

Business Development

The Group continued to build on its promising 2004 results during the first quarter of 2005. The efforts made in recent years to develop infrastructures and set up new branches are now bearing fruit in the form of growing volumes in virtually every area of the Group's activities.

Sixteen markets

The successful IPO in April 2005 added further own funds to the Group's already excellent capital base. They will be used to finance *Raiffeisen International*'s future expansion in Central and Eastern Europe. The formation of a finance leasing company in Kazakhstan during the first quarter of 2005 added a 16th market to those in which *Raiffeisen International* was already active. There has been a net increase of 25 in the number of *Raiffeisen International* business outlets since the end of 2004, taking it up to a total of 941.

Balance-sheet total passes the € 30 billion mark

Raiffeisen International's balance-sheet total continued to grow rapidly, increasing by 9 per cent versus year-end 2004 to end the first quarter at € 31.5 billion. Nearly 2 per cent of the increase was attributable to fluctuations in exchange rates. Above all, currency translations were affected by powerful appreciation on the part of the Romanian leu and the Croatian kuna.

The increase on the assets side of the Balance Sheet was primarily attributable to growth in *Loans and advances to customers* (increase of 9 per cent to € 17.7 billion) and *Loans and advances to banks* (increase of 27 per cent to € 6.1 billion). On the other hand, *Trading assets* fell by 22 per cent to € 1.9 billion. On the liabilities side of the Balance Sheet, *Deposits from customers* grew by 6 per cent to € 19.3 billion and *Deposits from banks* advanced by 15 per cent to € 7.6 billion.

Sustained profit growth

Raiffeisen International recorded *Profit before tax* of € 133 million during the first quarter of 2005. That was 69 per cent or € 54 million more than in the same period of 2004, when it came to € 79 million. This excellent result was mainly due to increases of 57 per cent in *Net interest income* and 38 per cent in *Net commission income*.

The 44 per cent increase in *General administrative expenses* was the result of continuing growth in the workforce and a change in the way out-of-period elements of remuneration (e.g. bonuses) were accrued. The assimilation of *Raiffeisenbank* in Albania and further rapid growth in the branch network also contributed to the increase.

First-quarter *Profit after tax* grew even more rapidly, namely by 81 per cent from € 60 million to € 109 million. That was because *Income tax expense* grew less rapidly than *Profit before tax*, increasing by 28 per cent.

Per-share profit for the period of 74 cents

Consolidated profit (after the deduction of minority interests) increased by 107 per cent from € 45 million to € 93 million. That resulted in a *Consolidated return on equity* (after the deduction of minority interests) of 20.3 per cent.

IFRS-compliant *Earnings per share* (after allowing for the stock split in March 2005) advanced by 29 cents from € 0.45 to € 0.74.

The Retail Customers Segment continues to flourish

All of *Raiffeisen International*'s key business segments delivered growing profits, but the development of the *Retail Customers* segment was most striking. *Profit before tax* in this segment grew from € 3 million in the first quarter of 2004 to € 28 million in the period under review. Having first made a profit in the first quarter of 2004, the *Retail Customers* segment already accounted for 21 per cent of *Raiffeisen International*'s overall profit in the first quarter of this year.

The number of customer in the *Retail Customers* segment passed 5 million during the first quarter of 2005 to total 5.27 million on the reporting date (31 March).

However, *Raiffeisen International*'s biggest and most profitable business segment remained the *Corporate Customers* segment. It delivered first-quarter *Profit before tax* of € 81 million to account for 60 per cent of the Group's total profit. The 20 per cent increase in its *Profit before tax* was mainly attributable to another improvement in its risk position after after extraordinary provisioning for impairment losses incurred in the first quarter 2004.

Slow growth in the workforce

The number of people working for the *Raiffeisen International Group* increased by 3 per cent or 707 from 22,851 to 23,558 between year-end 2004 and the end of the period under review. The Group's *Southeastern Europe* region accounted for the majority, namely 10,651, followed by *Central Europe* (8,844) and the *CIS* countries (3,899).

The Income Statement in Detail

Development of selected indicators of Raiffeisen International's performance over time

€mn	Q1 2005	Change	Q1 2004*	Q1 2003
Net interest income	*258.7*	*56.6%*	*165.2*	*120.8*
Net commission income	*83.5*	*38.4%*	*60.3*	*43.2*
Trading profit	*55.1*	*15.2%*	*47.8*	*49.4*
Other operating profit (loss)	*4.5*	*–*	*(1.6)*	*4.4*
Operating income	***401.8***	***47.9%***	***271.7***	***217.7***
Staff costs	*(115.9)*	*47.9%*	*(78.4)*	*(63.9)*
Other administrative outlay	*(98.6)*	*44.8%*	*(68.1)*	*(57.3)*
Depreciation/amortization/write-downs	*(26.4)*	*30.1%*	*(20.3)*	*(18.3)*
Operating expenses	***(240.9)***	***44.5%***	***(166.7)***	***(139.5)***
Profit from operating activities	***160.9***	***53.2%***	***105.0***	***78.2***
Provisioning for impairment losses	*(28.5)*	*4.8%*	*(27.2)*	*(7.9)*
Profit before tax	***133.3***	***68.5%***	***79.1***	***69.6***
Profit after tax	***109.3***	***81.3%***	***60.3***	***57.8***
Consolidated profit	***92.8***	***106.6%***	***44.9***	***43.7***

** Because of amended and new IFRS standards, comparative figures have been adjusted slightly (see page 20 et seq of the Notes).*

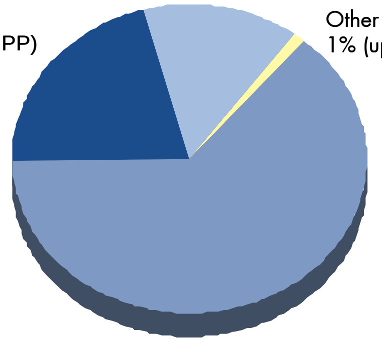
The powerful advance in *Raiffeisen International*'s results was fuelled by the healthy development of operating earnings. Its first-quarter *Profit from operating activities* grew by 53 per cent or € 56 million to € 161 million. Despite a greatly enlarged loan portfolio, *Provisioning for impairment losses* was only slightly up on the same period of the previous year, increasing by 5 per cent to € 29 million.

Operating income

Raiffeisen International's *Operating income* increased rapidly during the first quarter of 2005, growing by 48 per cent or € 130 million to € 402 million.

The fastest-growing item under this heading was *Net interest income*, which increased by 57 per cent from € 165 million to € 259 million. It thus grew slightly more rapidly than the Group's balance-sheet total. That was mainly thanks to an improvement in the interest margin, which grew by 25 basis points to 3.45 per cent. Part of the increase was also due to the first-time consolidation of the *Network Bank* in Albania, which had become a member of the Group in April 2004. Furthermore, most of the increase in business volumes took place in markets where interest margins were higher.

Structure of Operating Income



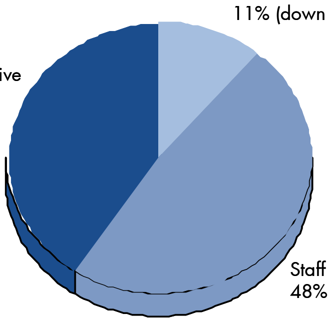
First-quarter *Net commission income* was 38 per cent or € 23 million up on the year at € 83 million. Fees for payment transfers grew by 30 per cent to € 43 million as a result of an increase in the number of transactions and customers. They remained the most important commission item and accounted for just over half of *Commission income*. The introduction of new products in individual markets also had a positive impact on commission earnings.

Trading profit grew by 15 per cent to € 55 million. There was a powerful increase in earnings from foreign exchange transactions on behalf of customers, but there was a drop in earnings from trading in securities, which decreased by 50 per cent to € 6 million. This decline was the consequence of narrower trading margins on treasury bills. In addition, remeasurements in connection with *capital hedging* activities produced losses of € 5 million. Because most of the Central and Eastern European currencies appreciated, there was a reduction in euro and US dollar positions entered into for hedging purposes.

General administrative expenses

General administrative expenses rose by 44 per cent – and thus by less than *Operating income* – to € 241 million. That boosted the Group's *Cost/income ratio* to 59.9 per cent.

Structure of General Administrative Expenses



Staff costs accounted for nearly half of *General administrative expenses.* They rose by 48 per cent or € 38 million to € 116 million. The average number of staff rose by 23 per cent or 4,258 to 22,943. Roughly a thousand of those staff were accounted for by the *Raiffeisenbank* in Albania, which had become a consolidated member of the Group in April 2004. A change in the way out-of-period elements of remuneration were accrued also contributed to the increase.

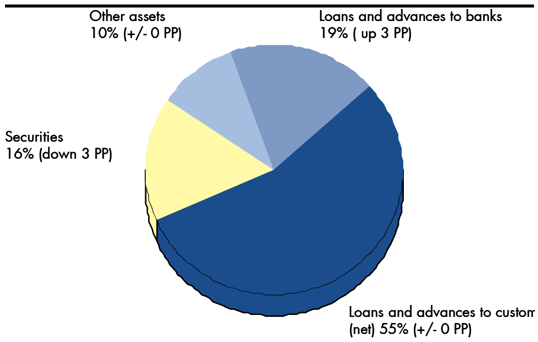
Other administrative outlay increased by 45 per cent or € 31 million to € 99 million. Whereas outlay on the premises needed for operational use increased by exactly as much as the number of business outlets, namely 27 per cent, to total € 26 million, there were disproportionately large increases in consultancy and advertising costs.

Depreciation/amortization/write-downs of tangible and intangible fixed assets increased by 30 per cent to € 26 million. Capital expenditure on tangible fixed assets and software during the first quarter came to € 38 million, whereby the lion's share of that total was spent on *Office furniture and equipment.*

Balance-sheet development

The *Balance-sheet total* of *Raiffeisen International* grew by nearly 9 per cent or € 2.6 billion from € 28.9 billion to € 31.5 billion during the period under review. Appreciation of a number of Central and Eastern European currencies accounted for about 0.4 billion of those € 2.6 billion. Consequently, the first-quarter increase adjusted to allow for movements in exchange rates came to roughly € 2.2 billion. The balance-sheet total was 48 per cent or € 10.2 billion up on the end of the first quarter of 2004, whereby the acquisition of *Banka e Kursimeve* in Albania in April 2004 accounted for € 1.5 billion of the increase.

Structure of Assets

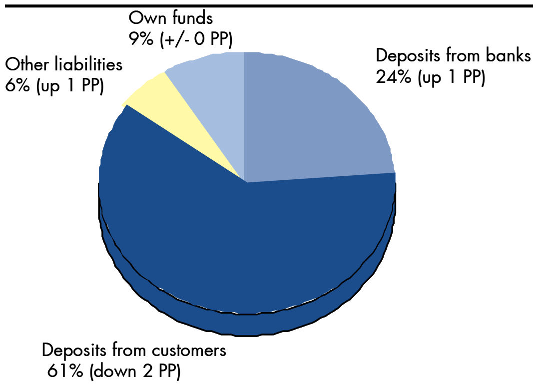


Assets

There was a 3 per cent shift in *Balance-sheet assets* from *Securities* to *Loans and advances to banks*. In particular, liquidity was reallocated from *Trading assets*, which were reduced by 22 per cent, in favour of interbank business.

The biggest and most important asset item – *Loans and advances to customers* – grew by € 1.4 billion to € 17.7 billion and accounted for 55 per cent of *Raiffeisen International*'s balance-sheet total. In relative terms, corporate loan operations grew fastest in Southeastern Europe. Lending to small and medium-sized enterprises grew best in Central Europe.

Structure of Liabilities



Equity and liabilities

Deposits from customers grew by 6 per cent to € 19.3 billion during the first quarter and accounted for 61 per cent of the balance-sheet total. In contrast to the *CIS* region, where customer deposits grew by 27 per cent, the growth of deposits slowed somewhat in Central and Southeastern Europe.

As in the case of assets, the impact of interbank business also grew disproportionately rapidly on the liabilities side of the Balance Sheet. *Deposits from banks* grew by 15 per cent during the first three months of 2005.

Own funds continued to account for about 9 per cent of the Group's balance-sheet total. *Subordinated capital* within that item grew by 9 per cent or € 44 million. *Raiffeisen Zentralbank* furnished € 22 million thereof.

Equity on the Balance Sheet

Equity shown on *Raiffeisen International*'s Balance Sheet increased by 4 per cent or € 94 million to € 2,271 million between year-end 2004 and the reporting date. The increase was largely due to three factors: Current profit for the period contributed € 109 million. Secondly, dividend distributions to the shareholders of *Raiffeisen International* and other shareholders of Group-members in respect of the 2004 financial year diminished equity by € 55 million. Finally, movements in the exchange rates of Central and Eastern European currencies increased equity by € 38 million.

Raiffeisen International's *Regulatory own funds* increased by € 58 million from € 2,360 million to € 2,418 million. That was largely due to positive exchange differences and increases in subordinated capital. On the other hand, own funds were reduced by dividend distributions to minority shareholders. *Core capital* increased by € 26 million to € 2,003 million.

Those own funds compared with a regulatory *Own funds requirement* of € 1,762 million. That was € 191 million more than at year-end 2004, reducing *Raiffeisen International*'s *Excess own funds* position by € 133 million to € 656 million. The Group recorded an *Own funds ratio* of 11.0 per cent, as against 12.0 per cent at year-end 2004. Its *Core capital ratio* also fell, retreating by a percentage point to 9.1 per cent. The IPO in April will substantially increase those values.

Outlook

Results during the first quarter were fully in line with *Raiffeisen International*'s plans for the financial year. Disregarding possible corporate acquisitions, *Raiffeisen International* expects its business volumes and profits in 2005 to be significantly up on the year. Its medium-term targets (2007) are a return on equity in excess of 25 per cent, a cost/income ratio of below 60 per cent and a risk/earnings ratio of below 15 per cent.

Segment Reports

Segmentation at *Raiffeisen International* is primarily customer based. In conformity with IFRS 14, it corresponds to the functional remits within the Managing Board of *Raiffeisen International*. The financial statements distinguish between the following customer segments:

- Corporate Customers
- Retail Customers
- Treasury
- Participations and Other

The *Corporate Customers* segment encompasses business with local and international medium-sized enterprises and key accounts. The *Retail Customers* segment encompasses private individuals and small and medium-sized enterprises whose annual revenues generally do not exceed € 5 million. The *Treasury* segment encompasses the Treasury departments' proprietary trading as well as investment banking activities, which are only carried out by a few Group units. Besides non-banking activities, the *Participations and Other* segment also encompasses the management of equity participations. In addition, this segment encompasses other cross-segment activities, including in particular those carried out by Group parent *Raiffeisen International Bank-Holding AG.*

Secondary segment reporting breaks down income components and assets/liabilities along regional lines. Assignments to regions are based on the locations of the Group units in question.

- Central Europe (CE)
  Czech Republic, Hungary, Poland, Slovakia and Slovenia.
- Southeastern Europe (SEE)
  Albania, Bosnia and Herzegovina, Bulgaria, Croatia, Kosovo, Romania and Serbia and Montenegro.
- Commonwealth of Independent States (CIS)
  Belarus, Kazakhstan, Russia and the Ukraine.

The segment reports that follow are based on the Group's regional segmentation. The development of the customer segments is presented in tabular form on page 25 of the Notes to the Income Statement. The figures stated here are taken from the financial statements prepared in conformity with the *International Financial Reporting Standards (IFRS)* that underlie the Consolidated Financial Statements. They may vary from data published locally.

Central Europe (CE)

€mn	Q1 2005	Q1 2004*	Change
Net interest income	122.0	90.7	34.6%
Provisioning for impairment losses	(12.2)	(11.2)	8.9%
Net interest income after provisioning	**109.8**	**79.5**	**38.2%**
Net commission income	37.6	29.3	28.2%
Trading profit	30.1	31.6	(4.9%)
Net income from financial investments	0.5	1.0	(47.4%)
General administrative expenses	(122.6)	(89.0)	37.8%
Other operating profit (loss)	2.9	(1.5)	–
Profit before tax	**58.3**	**51.0**	**14.5%**
Segment's contribution to profit before tax	43.8%	64.4%	(20.6 PP)
Total assets	15,937	12,248	30.1%
Basis of assessment (incl. market risk)	11,593	7,926	46.3%
Average number of staff (full-time equivalent basis)	8,756	7,936	10.3%
Business outlets	353	294	20.1%
Cost/income ratio	63.1%	59.0%	4.1 PP
Average equity	1,135	817	38.9%
Return on equity (before tax)	**20.6%**	**24.9%**	**(4.3 PP)**

* Because of amended and new IFRS standards, comparative figures have been adjusted slightly (see page 20 et seq of the Notes).

Results in the Group's *Central Europe* region reflected solid growth from a high level. That was clearly underscored both by business volumes – which were 30 per cent up on the same period of the previous year – and the associated 35 per cent increase in *Net interest income*. There was a volume-related increase in net interest income. On the other hand, margins varied in their development but tended to narrow overall. However, the development of exchange rates in the *Central Europe* region had a beneficial impact on assets denominated in euros. As the small 9 per cent increase in *Provisioning for impairment losses* shows, credit risk remained well under control. That notwithstanding, the risk/earnings ratio of just 10 per cent was partly due to the fact that provisioning for impairment losses tends to be lowest in the first quarter of a financial year.

Net commission income also rose, advancing by roughly 28 per cent. That was attributable to higher commission income from credit card business and, generally, to an increase in the number of *Retail Customers* and, consequently, in account and credit volumes. Commission from investment product business had a perceptible effect on profit for the first time. Because of a small rise in funding costs and more volatile local currencies, *Trading profit* in this region fell a little, retreating by 5 per cent.

General administrative expenses were 38 per cent up on the same period of the previous year. That was primarily due to growth in the workforce of about 10 per cent to 8,756 and an increase of roughly 20 per cent in the number of business outlets, which totalled 353 on the reporting date.

Overall, *Profit before tax* was 15 per cent up on the first quarter of 2004 at € 58 million. The *Central Europe* region thus accounted for 44 per cent of *Raiffeisen International*'s total *Profit before tax*, having still accounted for 65 per cent in the same period of 2004.

Southeastern Europe (SEE)

€mn	Q1 2005	Q1 2004*	Change
Net interest income	93.6	52.5	78.1%
Provisioning for impairment losses	(11.0)	(13.2)	(16.9%)
Net interest income after provisioning	**82.6**	**39.3**	**110.1%**
Net commission income	32.0	20.3	57.5%
Trading profit	18.1	11.8	53.1%
Net income from financial investments	0.3	0.4	(19.8%)
General administrative expenses	(89.5)	(57.6)	55.3%
Other operating profit	0.8	0.8	3.4%
Profit before tax	**44.3**	**15.0**	**195.3%**
Segment's contribution to profit before tax	33.3%	19.0%	14.3 PP
Total assets	11,464	6,155	86.3%
Basis of assessment (incl. market risk)	7,292	3,830	90.4%
Average number of staff (full-time equivalent basis)	10,374	7,430	39.6%
Business outlets	504	363	38.8%
Cost/income ratio	61.9%	67.7%	(5.8 PP)
Average equity	713	395	80.8%
Return on equity (before tax)	**24.9%**	**15.2%**	**9.7 PP**

* Because of amended and new IFRS standards, comparative figures have been adjusted slightly (see page 20 et seq of the Notes).

The *Southeastern Europe* region has developed extremely well over the past 12 months. *Assets* attributable to the region grew by 86 per cent to € 11.4 billion, and first-quarter *Profit before tax* grew by as much as 195 per cent to € 44 million. As a result, the region already accounted for a third of *Raiffeisen International*'s total *Profit before tax*, compared with 19 per cent in the first quarter of 2004.

Net interest income, which grew by 78 per cent, was the biggest contributor to the surge in profit. *Provisioning for impairment losses* also developed well and was 17 per cent down on the year, resulting in a risk/earnings ratio of just 12 per cent.

Net commission income, which grew by 58 per cent, also reflected the region's dynamic development. The increase was above all due to the rise in the number of *Retail Customers* and with it, the increases in bank charges and commission from payment transfers and card services. The 53 per cent increase in first-quarter *Trading profit* was generated by foreign-exchange transactions on behalf of customers.

The development of *General administrative expenses* mirrored the intensification of *Raiffeisen International*'s activities and presence in its *Southeastern Europe* region. However, the increase of 55 per cent was still well below the increase in business volumes. The principal reasons for this rise were capital expenditure on developing the branch network (growth of 39 per cent), the associated marketing activities and the volume-related increase in outlay on deposit guarantee insurance.

Commonwealth of Independent States (CIS)

€mn	Q1 2005	Q1 2004*	Change
Net interest income	43.1	22.0	96.1%
Provisioning for impairment losses	(5.3)	(2.8)	91.3%
Net interest income after provisioning	**37.8**	**19.2**	**96.8%**
Net commission income	13.9	10.7	30.0%
Trading profit	6.9	4.4	58.6%
Net income from financial investments	0.2	0.1	89.0%
General administrative expenses	(28.8)	(20.1)	43.0%
Other operating profit (loss)	0.7	(1.1)	–
Profit before tax	**30.7**	**13.1**	**133.1%**
Segment's contribution to profit before tax	22.9%	16.6%	6.3 PP
Total assets	4,067	2,818	44.3%
Basis of assessment (incl. market risk)	3,138	2,032	54.5%
Average number of staff (full-time equivalent basis)	3,813	3,319	14.9%
Business outlets	84	84	–
Cost/income ratio	45.7%	56.0%	(10.3 PP)
Average equity	307	209	46.6%
Return on equity (before tax)	**39.8%**	**25.1%**	**14.7 PP**

* Because of amended and new IFRS standards, comparative figures have been adjusted slightly (see page 20 et seq of the Notes).

The *CIS* region was *Raiffeisen International*'s smallest region in terms of balance-sheet total but also its most profitable with a *Return on equity (ROE) before tax* of nearly 40 per cent. First-quarter *Profit before tax* in the region came to nearly € 31 million, which was 133 per cent up on the first quarter of 2004. The *CIS* region therefore accounted for 23 per cent *Raiffeisen International*'s total *Profit before tax*, as against 17 per cent in the same period of the previous year.

The growth in *Net interest income* of 96 per cent far exceeded the 44 per cent increase in *Assets*. Alongside minor changes in the structure of assets and liabilities in the region, there was a reduction in funding expenses and the associated costs. That was in particular thanks to the fact that *Raiffeisen Zentralbank* was no longer acting as guarantor. *Net commission income* increased by 30 per cent, fuelled above all by commission from foreign-exchange business. Because of the increases in traded volumes, first-quarter *Trading profit* grew by 59 per cent from a low base.

General administrative expenses increased by 43 per cent, which was well below the 75 per cent increase in earnings. Whereas the *Average number of staff* only increased by 15 per cent, outlay on wages and salaries grew slightly faster because remunerations in the region are still relatively low. *Raiffeisen International*'s *Cost/income ratio* in the region improved by 10.3 percentage points to a very good 45.7 per cent. Whereas the enlargement of the branch networks in Russia and the Ukraine proceeded briskly, a number of unprofitable branches in Belarus closed. That left the total number of *Business outlets* in the region unchanged at 84.

Consolidated Financial Statements

(Interim Financial Statements as of and for the 3 months ended 31 March 2005)

Income Statement

€mn	Notes	1/1 – 31/3 2005	1/1 – 31/3 2004*	Change
Interest income		493.3	346.0	42.6%
Interest expense		(234.6)	(180.8)	29.8%
Net interest income	(2)	**258.7**	**165.2**	**56.6%**
Provisioning for impairment losses	(3)	(28.5)	(27.2)	4.8%
Net interest income after provisioning		**230.2**	**138.0**	**66.8%**
Commission income	(4)	106.2	83.6	27.0%
Commission expense	(4)	(22.7)	(23.3)	(2.6%)
Net commission income	(4)	**83.5**	**60.3**	**38.4%**
Trading profit	(5)	55.1	47.8	15.2%
Net income from financial investments and current financial assets	(6)	1.0	1.5	(32.3%)
General administrative expenses	(7)	(240.9)	(166.7)	44.5%
Other operating profit (loss)	(8)	4.4	(1.8)	–
Profit before tax		**133.3**	**79.1**	**68.5%**
Income tax		(24.0)	(18.8)	27.6%
Profit after tax		**109.3**	**60.3**	**81.3%**
Minority interests in profit		(16.5)	(15.4)	7.5%
Consolidated profit		**92.8**	**44.9**	**106.6%**

* Because of amended and new IFRS standards, comparative figures have been adjusted slightly (see page 20 et seq of the Notes).

€	Notes	1/1 – 31/3 2005	1/1 – 31/3 2004	Change
Earnings per share		**0.74**	**0.45**	**0.29**

Earnings per share is *Consolidated profit* for the period divided by the average number of ordinary shares outstanding during the period. During the first quarter of 2005, that was 125 million ordinary shares, compared with 100 million in the first quarter of 2004 (data are as after the stock split).

There were no conversion or option rights outstanding, so undiluted earnings per share were identical to diluted earnings per share.

Balance Sheet

Assets €mn	Notes	31/3 2005	31/12 2004*	Change
Cash reserve		1,836	1,895	(3.1%)
Loans and advances to banks	(9)	6,091	4,779	27.4%
Loans and advances to customers	(10)	17,672	16,242	8.8%
Impairment losses on loans and advances	(11)	(386)	(366)	5.5%
Trading assets	(12)	1,909	2,447	(22.0%)
Other current financial assets	(13)	814	650	25.3%
Financial investments	(14)	2,328	2,329	0.0%
Intangible fixed assets	(15)	181	177	2.2%
Tangible fixed assets	(16)	460	441	4.2%
Other assets	(17)	563	312	80.5%
Total		**31,468**	**28,907**	**8.9%**

Equity and Liabilities €mn	Notes	31/3 2005	31/12 2004*	Change
Deposits from banks	(18)	7,642	6,620	15.4%
Deposits from customers	(19)	19,299	18,169	6.2%
Liabilities evidenced by paper	(20)	736	662	11.1%
Provisions for liabilities and charges	(21)	113	112	0.6%
Trading liabilities	(22)	294	410	(28.2%)
Other liabilities	(23)	626	313	100.1%
Subordinated capital	(24)	487	444	9.8%
Equity	(25)	2,271	2,177	4.3%
Consolidated equity		1,833	1,631	12.4%
Consolidated profit		93	209	–
Minority interests		345	337	2.3%
Total		**31,468**	**28,907**	**8.9%**

* Because of amended and new IFRS standards, comparative figures have been adjusted slightly (see page 20 et seq of the Notes).

Statement of Changes in Equity

€mn	Subscribed Capital	Capital reserves	Retained earnings	Consolidated profit for the period	Minority interests	Total Q1 2005
Equity on 1 January 2005*	**382**	**935**	**314**	**209**	**337**	**2,177**
Paid-in capital	–	–	–	–	1	1
Transferred to retained earnings	–	–	170	(170)	–	–
Distributed profit	–	–	–	(39)	(16)	(55)
Consolidated profit	–	–	–	93	16	109
Exchange differences	–	–	35	–	3	38
Capital hedge	–	–	–6	–	–	(6)
Other changes	–	–	3	–	4	7
Equity on 31 March 2005	**382**	**935**	**516**	**93**	**345**	**2,271**

* Because of amended and new IFRS standards, comparative figures have been adjusted slightly (see page 20 et seq of the Notes).

€mn	Subscribed Capital	Capital reserves	Retained earnings	Consolidated profit for the period	Minority interests	Total Q1 2004
Equity on 1 January 2004	**50**	**770**	**104**	**179**	**276**	**1,379**
Paid-in capital	–	1	–	–	11	12
Transferred to retained earnings	–	–	146	(146)	–	–
Distributed profit	–	–	–	(33)	(20)	(53)
Consolidated profit	–	–	–	45	15	60
Exchange differences	–	–	25	–	7	32
Capital hedge	–	–	(13)	–	–	(13)
Other changes	–	–	1	–	3	4
Equity on 31 March 2004	**50**	**771**	**263**	**45**	**292**	**1,421**

The issued share capital of *Raiffeisen International Bank-Holding AG* pursuant to its Articles of Association is € 380 million. The Extraordinary General Meeting of Shareholders on 8 March 2005 voted to carry out a 2-for-1 stock split. Consequently, on the reporting date (31 March 2005), the Company's issued share capital was subdivided into 125 million no-par bearer shares. In addition, *Subscribed capital* includes 17,050 *Genussscheine* (profit participating certificates) issued in 2004.

Cash Flow Statement

€mn	1/1 – 31/3 2005	1/1 – 31/3 2004
Cash and cash equivalents at end of previous period	**1,895**	**1,749**
Net cash from operating activities	(102)	282
Net cash from investing activities	11	(381)
Net cash from financing activities	(11)	(32)
Effect of exchange rate changes	43	14
Cash and cash equivalents at end of period	**1,836**	**1,632**

Notes

Accounting policies

The Consolidated Financial Statements of *Raiffeisen International* were prepared in conformity with the *International Financial Reporting Standards (IFRS)* published by the *International Accounting Standards Board (IASB)*, inclusive of such interpretations by the *International Financial Reporting Interpretations Committee (IFRIC)* as were already applicable. The unaudited Interim Report as of and for the three months ended 31 March 2005 conforms to *IAS 34*.

Changes due to amended and new IFRS standards

Newly published standards applicable from the 2005 financial year have created the need for minor adjustments to the financial statement for 2004 that are needed for prior-period comparisons. Adaptation is required by *IFRS*.

The most important changes to accounting policies are described below. The most important changes to the recognition and measurement policies of *Raiffeisen International* with respect to 2005 and years thereafter result from the now limited measurement options allowed by *IFRS*, including in particular with regard to *Financial Instruments* (*IAS 39*) and *Leases* (IAS 17). In all, however, it must be stressed that these changes will not have a material impact on *Raiffeisen International*'s financial statements.

Goodwill (IFRS 3)

The new *IFRS 3* already published in 2004 reviews the presentation, measurement and impairment testing of goodwill. The straight-line amortization of goodwill has been abolished and replaced by annual *impairment testing*. *IFRS* does not require prior periods to be adjusted. *Raiffeisen International*'s entry for the amortization of goodwill, most recently about € 10 million, will therefore be discontinued as of the 2005 financial year. As things stand at the moment, an impairment of existing goodwill is not to be expected.

Financial Instruments (IAS 39)

The stricter new definition of loans and receivables that no longer qualify as *originated by the enterprise* changed the entry for *Equity* from 1 January 2005. If financial instruments are classified as *Other current financial assets*, they must be carried at market value if a market value is available. Reclassifications and remeasurements were carried out with respect to a number of primary securities issues. Restructuring (reclassification and remeasurement) of the portfolio increased *Other current financial assets* by € 38 million reallocated from *Financial investments*. The effect on *Equity* was immaterial.

The *fair value option* will not be made use of by *Raiffeisen International* for the time being as the *IASB* and the EU have yet to agree a common policy on the fair value option.

New securities category (IAS 39)

The *available-for-sale* financial assets in the accounts at year-end 2004 at the amount of € 612 million were reclassified as financial assets *at fair value through profit and loss* as of 1 January 2005, whereby the resulting changes in value are also being recognized in profit and loss in the 2005 financial year. On the Balance Sheet, these financial assets will continue to be recognized as *Other current financial assets*.

Consequently, *Raiffeisen International*'s *Other financial assets* do not include a portfolio of *available-for-sale* financial assets, so no revaluations thereof are recognized in equity.

Impairment losses on loans and advances (IAS 39)

The more precise requirements contained in the revision of *IAS 39* in force from 2005 allow, under certain circumstances, general provisioning for loan portfolios with identical risk profiles. To date, *Raiffeisen International* has only made restricted use of general impairment provisioning. The implementation of the now more detailed rules for measuring loan portfolios and the general provisioning requirements applicable to them had yet to be completed at the end of the quarter. Consequently, only some of the effects are recognized in first-quarter profit. However, they are unlikely to have a significant impact on profit.

Finance leasing (IAS 17)

The mandatory inclusion of *initial direct costs* in finance lease receivables has caused material changes in valuations at *Raiffeisen International*. These must be calculated with retrospective effect. Insofar as these costs were recognized in full in the Income Statement in prior years, their effects on the asset items in question and on equity have required recognition since 1 January 2005.

As of 2005, the interest rate underlying a lease must be calculated in such a way that initial direct costs incurred by the lessor are automatically included in the finance lease receivable and must not be added as a separate item. Similarly, as of 2005, any initial direct costs of the lessee must be added to the amount recognized as an asset.

For *Raiffeisen International*, that affected equity directly at the amount of € 1.7 million, and indirectly at the amount of minus € 1.5 million carried to equity by way of the adapted profit for the year 2004. The result was a net increase in *Equity* of € 0.2 million as of 1 January 2005.

Companies accounted for using the equity method (IAS 28)

The financial statements of companies accounted for using the equity method have been adjusted in accordance with homogeneous Group-wide accounting policies with respect to business transactions and events occurring under comparable circumstances. As a result, the financial statements furnished by companies accounted for using the equity method for the purposes of the Consolidated Financial Statements for 2005 conform to the provisions of *IFRS* that are applied on a Group-wide basis. However, that is not expected to have any material effect on *Raiffeisen International*'s profit.

Equity (IAS 1 in conjunction with IAS 27)

According to the revisions, *Minority interests* must be presented within *Equity*. This means that as of 2005, *Minority interests* must be presented on the Consolidated Balance Sheet within *Equity* but separately from *Consolidated Equity* (the parent's shareholders' equity).

Income Statement

€mn	Adapted 1/1 – 31/12/2004	Change	Published 1/1 – 31/12/2004
Interest income	1,666.3	(1.1)	1,667.4
Interest expense	(862.8)	(1.2)	(861.6)
Net interest income	**803.5**	**(2.3)**	**805.8**
Provisioning for impairment losses	(137.6)	0.0	(137.6)
Net interest income after provisioning	**665.9**	**(2.3)**	**668.2**
Commission income	395.9	0.0	395.9
Commission expense	(96.3)	1.5	(97.8)
Net commission income	**299.7**	**1.5**	**298.1**
Trading profit	220.1	(0.8)	220.9
Net income from financial investments and current financial assets	8.3	0.0	8.3
General administrative expenses	(823.3)	0.0	(823.3)
Other operating profit (loss)	(29.9)	0.0	(29.9)
Profit before tax	**340.8**	**(1.6)**	**342.2**
Income tax	(71.1)	0.1	(71.0)
Profit after tax	**269.7**	**(1.5)**	**271.2**
Minority interests in profit	(60.3)	0.0	(60.3)
Consolidated profit	**209.4**	**(1.5)**	**210.9**

Balance Sheet

Assets €mn	**Adapted 31/12/2004**	**Change**	**Published 31/12/2004**
Cash reserve	1,895	0	1,895
Loans and advances to banks	4,779	0	4,779
Loans and advances to customers	16,242	0	16,242
Impairment losses on loans and advances	(366)	0	(366)
Trading assets	2,447	0	2,447
Other current financial assets	650	38	612
Financial investments	2,329	(38)	2,367
Intangible fixed assets	177	0	177
Tangible fixed assets	441	0	441
Other assets	312	0	312
Total	**28,907**	**0**	**28,907**

Equity and Liabilities €mn	**Adapted 31/12/2004**	**Change**	**Published 31/12/2004**
Deposits from banks	6,620	0	6,620
Deposits from customers	18,169	0	18,169
Liabilities evidenced by paper	662	0	662
Provisions for liabilities and charges	112	0	112
Trading liabilities	410	0	410
Other liabilities	313	0	313
Subordinated capital	444	0	444
Equity	2,177	0	2,177
Consolidated equity	1,631	2	1,629
Consolidated profit	209	(2)	211
Minority interests	337	0	337
Total	**28,907**	**0**	**28,907**

Changes in the scope of consolidation

Number of units	*Fully consolidated* 31/3/2005	31/12/2004	*Equity method* 31/3/2005	31/12/2004
On 1 January	*43*	*38*	*3*	*3*
Included for the first time in the period under review	*1*	*6*	*–*	*1*
Merged in the period under review	*–*	*(2)*	*–*	*–*
Reclassified	*–*	*1*	*–*	*(1)*
On 31 March	***44***	***43***	***3***	***3***

A newly founded subsidiary created within the scope of *Raiffeisen-Leasing International* became a consolidated member of the Group. This company – *TOO Raiffeisen Leasing Kazakhstan,* Almaty – is not yet operational. It will concentrate on movable property leasing.

Notes to the Income Statement

(1) Segment reporting

Segmentation at *Raiffeisen International* is primarily customer based. In conformity with IFRS 14, it corresponds to the functional remits within the Managing Board of *Raiffeisen International.* The Consolidated Financial Statements distinguish between the following customer segments:

- Corporate Customers
- Retail Customers
- Treasury
- Participations and Other.

The *Corporate Customers* segment encompasses business with local and international medium-sized enterprises and key accounts. The *Retail Customers* segment encompasses private individuals and small and medium-sized enterprises whose annual revenues generally do not exceed € 5 million. The *Treasury* segment encompasses the Treasury departments' proprietary trading as well as investment banking activities, which are only carried out by a few Group units. Besides non-banking activities, the *Participations and Other* segment also encompasses the management of equity participations. In addition, this segment encompasses other cross-segment activities, including in particular those carried out by parent company *Raiffeisen International Bank-Holding AG.*

Secondary segment reporting breaks down income components and assets/liabilities along regional lines. Assignments to regions are based on the locations of the Group units in question.

- Central Europe (CE)
  Czech Republic, Hungary, Poland, Slovakia and Slovenia.
- Southeastern Europe (SEE)
  Albania, Bosnia and Herzegovina, Bulgaria, Croatia, Kosovo, Romania and Serbia and Montenegro.
- Commonwealth of Independent States (CIS)
  Belarus, Kazakhstan, Russia and the Ukraine.

(1a) Segment reporting by business segment

Q1 2005 €mn	Corporate Customers	Retail Customers	Treasury	Participations and Other	Total
Net interest income	91.9	133.8	29.5	3.5	258.7
Provisioning for impairment losses	(9.2)	(19.7)	0.0	0.4	(28.5)
Net interest income after provisioning	**82.7**	**114.1**	**29.5**	**3.9**	**230.2**
Net commission income	33.1	51.4	0.0	(1.0)	83.5
Trading profit (loss)	21.0	19.6	15.5	(1.0)	55.1
Net income from financial investments and current financial assets	0.0	–	0.7	0.3	1.0
General administrative expenses	(58.9)	(158.0)	(8.0)	(16.0)	(240.9)
Other operating profit (loss)	2.6	0.6	(0.1)	1.3	4.4
Profit before tax	**80.5**	**27.7**	**37.6**	**(12.5)**	**133.3**
Basis of assessment (incl. market risk)	10,466	5,975	4,433	1,149	22,023
Own funds requirement	837	478	355	92	1,762
Average number of staff	5,026	16,235	517	1,164	22,943
Cost/income ratio	39.6%	76.9%	17.9%	550.9%	59.9%
Average equity	1,024	585	434	112	2,155
Return on equity (before tax)	**31.5%**	**18.9%**	**34.6%**	**(44.4%)**	**24.7%**

Q1 2004* €mn	Corporate Customers	Retail Customers	Treasury	Participations and Other	Total
Net interest income	88.4	72.2	8.6	(4.0)	165.2
Provisioning for impairment losses	(17.5)	(8.9)	–	(0.8)	(27.2)
Net interest income after provisioning	**70.9**	**63.2**	**8.6**	**(4.8)**	**138.0**
Net commission income	33.3	24.8	0.4	1.8	60.3
Trading profit (loss)	20.0	9.7	20.7	(2.6)	47.8
Net income from financial investments and current financial assets	–	–	1.2	0.3	1.5
General administrative expenses	(58.9)	(94.2)	(8.5)	(5.1)	(166.7)
Other operating profit (loss)	2.0	(0.2)	0.2	(3.8)	(1.8)
Profit before tax	**67.3**	**3.3**	**22.6**	**(14.2)**	**79.1**
Basis of assessment (incl. market risk)	8,400	2,578	1,812	998	13,788
Own funds requirement	672	206	145	80	1,103
Average number of staff	5,474	11,441	574	1,196	18,685
Cost/income ratio	41.1%	88.4%	28.7%	(63.0%)	61.4%
Average equity	866	265	187	103	1,421
Return on equity (before tax)	**31.1%**	**4.9%**	**48.5%**	**(55.0%)**	**22.3%**

* Because of amended and new IFRS standards, comparative figures have been adjusted slightly (see page 20 et seq of the Notes).

(1b) Segment reporting by geographical market

Q1 2005 €mn	CE	SEE	CIS	Total
Net interest income	122.0	93.6	43.1	258.7
Provisioning for impairment losses	(12.2)	(11.0)	(5.3)	(28.5)
Net interest income after provisioning	**109.8**	**82.6**	**37.8**	**230.2**
Net commission income	37.6	32.0	13.9	83.5
Trading profit	30.1	18.1	6.9	55.1
Net income from financial investments and current financial assets	0.5	0.3	0.2	1.0
General administrative expenses	(122.6)	(89.5)	(28.8)	(240.9)
Other operating profit	2.9	0.8	0.7	4.4
Profit before tax	**58.3**	**44.3**	**30.7**	**133.3**
Total assets	15,937	11,464	4,067	31,468
Basis of assessment (incl. market risk)	11,593	7,292	3,138	22,023
Own funds requirement	928	583	251	1,762
Average number of staff	8,756	10,374	3,813	22,943
Cost/income ratio	63.1%	61.9%	45.7%	59.9%
Average equity	1,135	713	307	2,155
Return on equity (before tax)	**20.6%**	**24.9%**	**39.8%**	**24.7%**

Q1 2004* €mn	CE	SEE	CIS	Total
Net interest income	90.7	52.5	22.0	165.2
Provisioning for impairment losses	(11.2)	(13.2)	(2.8)	(27.2)
Net interest income after provisioning	**79.5**	**39.3**	**19.2**	**138.0**
Net commission income	29.3	20.3	10.7	60.3
Trading profit	31.6	11.8	4.4	47.8
Net income from financial investments and current financial assets	1.0	0.4	0.1	1.5
General administrative expenses	(89.0)	(57.6)	(20.1)	(166.7)
Other operating profit	(1.5)	0.8	(1.1)	(1.8)
Profit before tax	**51.0**	**15.0**	**13.1**	**79.1**
Total assets	12,248	6,155	2,818	21,221
Basis of assessment (incl. market risk)	7,926	3,830	2,032	13,788
Own funds requirement	634	306	163	1,103
Average number of staff	7,936	7,430	3,319	18,685
Cost/income ratio	59.0%	67.7%	56.0%	61.4%
Average equity	817	395	209	1,421
Return on equity (before tax)	**24.9%**	**15.2%**	**25.1%**	**22.3%**

* Because of amended and new IFRS standards, comparative figures have been adjusted slightly (see page 20 et seq of the Notes).

(2) Net interest income

€mn	1/1 – 31/3 2005	1/1 – 31/3 2004
Interest income	**492.8**	**345.8**
from loans and advances to banks	60.7	43.3
from loans and advances to customers	310.7	230.8
from current financial assets	13.3	8.9
from financial investments	39.4	8.2
from receivables under finance leases	30.7	23.1
from derivative financial instruments (non-trading)	38.0	31.5
Current income from interests	**0.1**	**0.0**
Other interest-like income	**0.4**	**0.3**
Interest and similar income, Total	**493.3**	**346.1**
Interest expenses	**(234.6)**	**(179.4)**
on deposits from banks	(57.5)	(56.2)
on deposits from customers	(144.3)	(97.9)
on liabilities evidenced by paper	(8.9)	(6.4)
on subordinated capital	(4.2)	(4.8)
on derivative financial instruments (non-trading)	(19.7)	(14.1)
Other interest-like expenses	**0.0**	**(1.5)**
Interest expenses and similar charges, Total	**(234.6)**	**(180.9)**
Net interest income	**258.7**	**165.2**

(3) Provisioning for impairment losses

€mn	1/1 – 31/3 2005	1/1 – 31/3 2004
Allocated to the provision for impairment losses	(77.1)	(89.7)
Released from the provision for impairment losses	52.7	64.2
Direct write-downs	(6.4)	(2.5)
Recovery of written-down claims	2.3	0.8
Total	**(28.5)**	**(27.2)**

(4) Net commission income

€mn	1/1 – 31/3 2005	1/1 – 31/3 2004
Payment transfers business	43.0	33.0
Credit and guarantee business	19.7	14.5
Securities business	4.2	2.1
Foreign exchange, notes-and-coin and precious-metals business	5.0	2.6
Other banking services	11.6	8.1
Total	**83.5**	**60.3**

(5) Trading profit (loss)

€mn	1/1 – 31/3 2005	1/1 – 31/3 2004
Interest-rate contracts	6.3	12.8
Currency contracts	49.2	33.8
Share-/index-related contracts	(0.4)	1.2
Total	**55.1**	**47.8**

(6) Net income from financial investments and current financial assets

€mn	1/1 – 31/3 2005	1/1 – 31/3 2004
Net income from financial investments	**0.0**	**0.3**
Net remeasurements of financial investments	(0.1)	(0.3)
Net proceeds from sales of financial investments	0.1	0.6
Net income from other current financial assets	**1.0**	**1.2**
Net remeasurements of other-current financial assets	0.4	0.1
Net proceeds from sales of other current financial assets	0.6	1.1
Total	**1.0**	**1.5**

(7) General administrative expenses

€mn	1/1 – 31/3 2005	1/1 – 31/3 2004
Staff expenses	(115.9)	(78.3)
Other administrative outlay	(98.6)	(68.1)
Depreciation/amortization/write-downs of tangible and intangible fixed assets	(26.4)	(20.3)
Total	**(240.9)**	**(166.7)**

(8) Other operating profit (loss)

€mn	1/1 – 31/3 2005	1/1 – 31/3 2004
Revenues from non-banking activities	10.7	4.5
Expenses arising from non-banking activities	(7.3)	(3.9)
Net result from hedge accounting	(1.0)	(0.2)
Net income from other derivative instruments	0.9	0.0
Other taxes	(5.1)	(4.6)
Other operating income	21.7	15.6
Other operating expenses	(15.5)	(13.2)
Total	**4.4**	**(1.8)**

Notes to the Balance Sheet

(9) Loans and advances to banks

€mn	31/3/2005	31/12/2004
Giro and clearing business	1,092	688
Money-market business	3,642	3,331
Loans to banks	1,348	752
Purchased receivables	9	8
Total	**6,091**	**4,779**

(10) Loans and advances to customers

€mn	31/3/2005	31/12/2004
Credit business	10,497	9,488
Money-market business	2,608	2,313
Receivables under mortgage loans	3,017	2,875
Purchased receivables	202	240
Accounts receivable under finance leases	1,348	1,326
Total	**17,672**	**16,242**

(11) Impairment losses on loans and advances

€mn	1/1/2005	Change in scope of consolidation	Added*	Released	Used	Transfers, exchange differences	31/3/2005
Counterparty risks	320	–	66	(43)	(12)	(2)	329
Loans and advances banks	0	–	–	–	–	0	0
Loans and advances to customers	320	–	66	(43)	(12)	(2)	329
General provisions	**46**	**–**	**9**	**(3)**	**0**	**5**	**57**
Subtotal	**366**	**–**	**75**	**(46)**	**(12)**	**3**	**386**
Risks arising from off-balance-sheet items	28	–	6	(6)	–	0	28
Total	**394**	**–**	**81**	**(52)**	**(12)**	**3**	**414**

* Allocations inclusive of direct write-downs and recoveries of receivables already written down.

(12) Trading assets

€mn	31/3/2005	31/12/2004
Debt securities and other fixed-interest securities	1,637	2,033
Shares and other variable-yield securities	18	11
Positive fair values arising from derivative financial instruments	239	384
Overnight and fixed deposits held for trading	15	19
Total	**1,909**	**2,447**

(13) Other current financial assets

€mn	31/3/2005	31/12/2004
Debt securities and other fixed-interest securities	808	640
Shares and other variable-yield securities	6	10
Total	**814**	**650**

(14) Financial investments

€mn	31/3/2005	31/12/2004
Debt securities and other fixed-interest securities	2,253	2,255
Equity participations	75	74
Total	**2,328**	**2,329**

(15) Intangible fixed assets

€mn	31/3/2005	31/12/2004
Goodwill	77	75
Other intangible fixed assets	104	102
Total	**181**	**177**

(16) Tangible fixed assets

€mn	31/3/2005	31/12/2004
Land and buildings used by the Group for its own operations	168	160
Other land and buildings	6	7
Other tangible fixed assets, office furniture and equipment	259	253
Let leased assets	27	21
Total	**460**	**441**

(17) Other assets

€mn	31/3/2005	31/12/2004
Tax assets	34	29
Receivables arising from non-banking activities	23	24
Prepayments and other deferrals	113	98
Positive fair values of derivative hedging instruments within the scope of fair-value hedges within the meaning of IAS 39	0	1
Positive fair values of other derivative financial instruments	36	43
Other items	357	117
Total	**563**	**312**

(18) Deposits from banks

€mn	31/3/2005	31/12/2004
Giro and clearing business	504	352
Money-market business	2,875	2,673
Long-term finance	4,263	3,595
Total	**7,642**	**6,620**

(19) Deposits from customers

€mn	31/3/2005	31/12/2004
Sight deposits	7,323	6,896
Time deposits	10,961	10,315
Savings deposits	1,015	958
Total	**19,299**	**18,169**

(20) Liabilities evidenced by paper

€mn	31/3/2005	31/12/2004
Issued debt securities	412	369
Issued money-market instruments	8	6
Other liabilities evidenced by paper	316	287
Total	**736**	**662**

(21) Provisions for liabilities and charges

€mn	31/3/2005	31/12/2004
Taxes	44	53
Guarantees and sureties	28	28
Other	41	31
Total	**113**	**112**

(22) Trading liabilities

€mn	31/3/2005	31/12/2004
Negative fair values arising from derivative financial instruments	285	408
Short sales of trading assets	4	–
Overnight and fixed deposits held for trading	5	2
Total	**294**	**410**

(23) Other liabilities

€mn	31/3/2005	31/12/2004
Liabilities arising from non-banking activities	33	35
Deferred items	83	45
Negative fair values of derivative hedging instruments within the scope of fair-value hedges within the meaning of IAS 39	0	4
Negative fair values of other derivative financial instruments	23	21
Other liabilities	487	208
Total	**626**	**313**

(24) Subordinated capital

€mn	31/3/2005	31/12/2004
Subordinated obligations	456	423
Supplementary capital	31	21
Total	**487**	**444**

(25) Equity and minorities

€mn	31/3/2005	31/12/2004
Consolidated equity	1,833	1,631
Subscribed capital	382	382
Capital reserves	935	935
Retained earnings	516	314
Consolidated profit	93	209
Minority interests	345	337
Total	**2,271**	**2,177**

Additional notes

(26) Contingent liabilities and other off-balance-sheet items

€mn	31/3/2005	31/12/2004
Contingent liabilities	1,862	1,734
Commitments	4,415	4,205

(27) Regulatory own funds

As a subsidiary of *RZB*, *Raiffeisen International* does not have a banking group of its own within the meaning of the *Bankwesengesetz* (*BWG*: Austrian banking act). As a result, it is not itself subject to regulatory requirements. However, the following figures are accounted for within the scope of *RZB-Kreditinstitutsgruppe*. They are provided here for informational purposes only.

The own funds of *Raiffeisen International* within the meaning of the *Bankwesengesetz* broke down as follows:

€mn	31/3/2005	31/12/2004
Tier 1 capital (core capital)	2,003	1,977
Tier 2 capital (additional own funds)	448	403
Less interests in banks and financial institutions	(53)	(51)
Eligible own funds	**2,398**	**2,329**
Tier 3 capital (short-term subordinated own funds)	20	31
Total own funds	**2,418**	**2,360**
Total own funds requirement	**1,762**	**1,571**
Excess own funds	**656**	**789**
Excess cover ratio in per cent	37.3%	50.2%
Core capital ratio in per cent	9.1%	10.1%
Own funds ratio in per cent	11.0%	12.0%

Total own funds requirement is made up as follows:

€mn	31/3/2005	31/12/2004
Risk-weighted basis of assessment pursuant to § 22 BWG	18,862	16,690
of which 8 per cent minimum own funds requirement	1,509	1,335
Own funds requirement for the trading book under § 22b Abs. 1 BWG	124	136
Own funds requirement for open currency positions under § 26 BWG	129	100
Total own funds requirement	**1,762**	**1,571**

(28) Average number of staff

The average number of staff during the financial year (full-time equivalents) broke down as follows:

	31/3/2005	31/3/2004
CE	8,671	7,898
SEE	10,324	7,408
CIS	3,790	3,309
Austria	158	70
Total	**22,943**	**18,685**

Profit development

Quarterly Results posted by Raiffeisen International

€mn	Q2 2004*	Q3 2004*	Q4 2004*	Q1 2005
Interest income	192.9	224.7	220.7	258.7
Provisioning for impairment losses	(21.9)	(25.6)	(62.9)	(28.5)
Net interest income after provisioning	**171.0**	**199.1**	**157.8**	**230.2**
Net commission income	79.1	76.8	83.4	83.5
Trading profit	44.0	66.9	61.4	55.1
Net income from financial investments and current financial assets	(3.2)	6.5	3.5	1.0
General administrative expenses	(200.5)	(191.9)	(264.2)	(240.9)
Other operating profit (loss)	3.3	(5.6)	(25.8)	4.4
Profit before tax	**93.7**	**151.8**	**16.1**	**133.3**
Income tax	(19.4)	(25.2)	(7.6)	(24.0)
Profit after tax	**74.3**	**126.6**	**8.6**	**109.3**
Minority interests in profit	(22.4)	(14.3)	(8.3)	(16.5)
Consolidated profit	**51.9**	**112.3**	**0.3**	**92.8**

* Because of amended and new IFRS standards, comparative figures have been adjusted slightly (see page 20 et seq of the Notes).

€mn	Q2 2003	Q3 2003	Q4 2003	Q1 2004*
Interest income	134.5	145.6	162.8	165.2
Provisioning for impairment losses	(14.5)	(24.9)	(40.3)	(27.2)
Net interest income after provisioning	**120.0**	**120.7**	**122.4**	**138.0**
Net commission income	50.9	58.6	60.4	60.3
Trading profit	58.6	49.8	83.8	47.8
Net income from financial investments and current financial assets	0.7	0.6	2.5	1.5
General administrative expenses	(166.2)	(143.3)	(209.7)	(166.7)
Other operating profit (loss)	5.4	(13.4)	5.1	(1.8)
Profit before tax	**69.4**	**73.1**	**64.6**	**79.1**
Income tax	(15.6)	(15.4)	(6.4)	(18.8)
Profit after tax	**53.9**	**57.6**	**58.2**	**60.3**
Minority interests in profit	(13.3)	(19.1)	(2.2)	(15.4)
Consolidated profit	**40.5**	**38.5**	**56.0**	**44.9**

* Because of amended and new IFRS standards, comparative figures have been adjusted slightly (see page 20 et seq of the Notes).

Financial Calendar for 2005

20 May	*Quarterly financial statement Q1, Conference Call*
28 July	*Beginning of the Quiet period*
11 August	*Quarterly financial statement Q2, Conference Call*
14 October	*Capital Markets Day*
9 November	*Beginning of the Quiet period*
23 November	*Quarterly financial statement Q3, Conference Call*

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