Central and Eastern Europe 2009

Annual Report 2009

Raiffeisen INTERNATIONAL
Member of RZB Group

Survey of key data

Raiffeisen International

Monetary values in € million	2009	Change	2008	2007	2006[1]	2005
Income statement						
Net interest income	2,937	(9.1)%	3,232	2,419	1,764	1,202
Provisioning for impairment losses	(1,738)	122.7%	(780)	(357)	(309)	(167)
Net fee and commission income	1,223	(18.3)%	1,496	1,250	933	607
Net trading income	186	11.2%	168	128	175	101
General administrative expenses	(2,270)	(13.8)%	(2,633)	(2,184)	(1,694)	(1,163)
Profit before tax	368	(74.3)%	1,429	1,238	891	569
Profit after tax	287	73.4%	1,078	973	686	460
Consolidated profit (after minorities)	212	(78.4)%	982	841	594	382
Statement of financial position						
Loans and advances to banks	10,310	14.1%	9,038	11,053	8,202	5,794
Loans and advances to customers	50,515	(12.8)%	57,902	48,880	35,043	24,714
Deposits from banks	20,110	(23.3)%	26,213	19,927	13,814	10,236
Deposits from customers	42,578	(3.7)%	44,206	40,457	33,156	24,890
Equity (including minorities and profit)	7,000	7.4%	6,518	6,622	4,590	3,277
Balance sheet total	76,275	(10.7)%	85,397	72,743	55,867	40,695
Key ratios						
Return on equity before tax	5.7%	(16.3) PP	22.0%	25.7%	27.3%	21.8%
Return on equity after tax	4.5%	(12.1) PP	16.6%	20.2%	21.0%	17.6%
Consolidated return on equity (after minorities)	3.9%	(13.5) PP	17.4%	20.1%	21.4%	17.2%
Cost/income ratio	52.5%	(1.5) PP	54.0%	57.6%	59.1%	61.6%
Return on assets before tax	0.47%	(1.30) PP	1.77%	1.98%	1.90%	1.68%
Net provisioning ratio (avg. risk-weighted assets, credit risk)	3.19%	1.88 PP	1.32%	0.84%	0.97%	0.81%
Risk/earnings ratio	59.2%	35.1 PP	24.1%	14.8%	17.5%	13.9%
Bank-specific information[2]						
Risk-weighted assets (credit risk)	50,090	(17.1)%	60,388	49,802	38,002	26,582
Total own funds	8,328	19.1%	6,992	6,684	4,513	2,938
Total own funds requirement	5,117	(11.3)%	5,767	4,317	3,284	2,393
Excess cover ratio	62.8%	41.6 PP	21.2%	54.8%	37.4%	22.8%
Core capital ratio (Tier 1), credit risk	14.1%	4.4 PP	9.7%	11.4%	9.8%	9.0%
Core capital ratio (Tier 1), total	11.0%	2.9 PP	8.1%	10.5%	9.0%	8.0%
Own funds ratio	13.0%	3.3 PP	9.7%	12.4%	11.0%	9.8%
Stock data						
Earnings per share in €	0.99	(5.40)	6.39	5.80	4.17	2.79
Price on 31 Dec. in €	39.50	104.7%	19.30	103.60	115.51	55.55
High (closing prices) in €	47.86	(56.6)%	110.20	122.50	115.51	59.40[3]
Low (closing prices) in €	13.00	(19.9)%	16.23	98.25	55.20	39.25[3]
Number of shares on 31 Dec. in million	154.67	–	154.67	154.67	142.77	142.77
Market capitalization on 31 Dec.	6,109	104.7%	2,985	16,024	16,492	7,931
Dividend per share in €	0.20[4]	(78.5)%	0.93	0.93	0.71	0.45
Resources						
Employees on 31 Dec.	56,530	(10.8)%	63,376	58,365	52,732	43,614
Business outlets	3,018	(6.6)%	3,231	3,015	2,848	2,443

[1] Excluding one-off effects due to the sales of Raiffeisenbank Ukraine and the minority interest in Bank TuranAlem.
[2] Calculated according to the Austrian Banking Act (Bankwesengesetz, BWG). Raiffeisen International as part of the RZB-Group is not subject to the Austrian Banking Act.
[3] 25 April 2005 (IPO) to 31 December 2005.
[4] Proposal to the Annual General Meeting.

Contents

Albania	**Austria** **Belarus**	**Bosnia and Herzegovina**	**Bulgaria** **Croatia**	**Czech Republic**

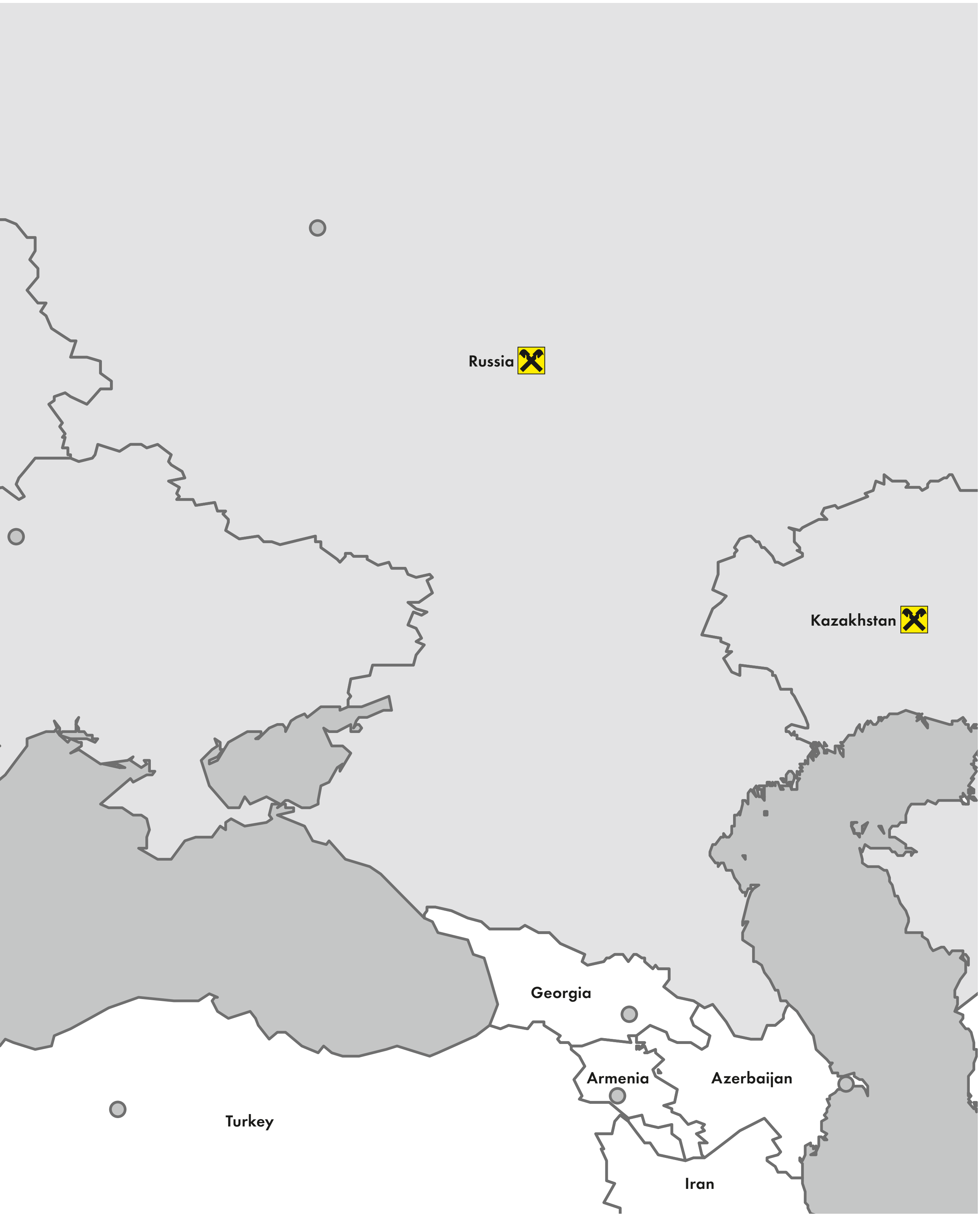
Hungary
Kosovo

Poland
Romania

Russia
Serbia

Slovakia
Slovenia

Ukraine



2009

The year.
The figures.
The facts.

The year 2009 took us on a roller coaster ride. First came the economic slump, but then also the end of the recession. Even in such turbulent times, our solid business model was able to prove itself. We are therefore sticking to our transparent "bread and butter" business. We would like to provide information with a similar transparency in this annual report, with a firm orientation to facts and figures.

To cope successfully with a crisis, a company needs to have a sustainable business model and be flexible towards taking appropriate measures. Based on continuous analysis of the environment, we were able to take the necessary steps immediately. We met discernible risks with appropriate precautions.

Raiffeisen International stands on solid ground today, as it has in the past. Strengthened by the challenges of the crisis, we occupy a good starting position for the coming years. We therefore look to the future with optimism and confidence.

Preface by the Chairman of the Managing Board

Ladies and gentlemen,

While 2008 was an "extraordinary" year for Raiffeisen International, 2009 will be remembered for being "challenging." The global economic crisis and its effects on the comparatively young market economies of Central and Eastern Europe presented our banking group with completely new challenges. We were able to cope with them well thanks to our business model, which is geared to the real needs of businesses and private individuals in 17 countries in the region and has proved to be sustainably robust even in these difficult times.

However, we had to adjust the parameters of our strategy to the difficult conditions. While growth and earnings were previously in the foreground, we focused in 2009 on strengthening capital, managing liquidity and risk, raising efficiency, and lowering costs. We added € 1.25 billion to our capital cushion in the third quarter. The capital inflow occurred in the framework of two issues, which were both fully subscribed by our principal shareholder, Raiffeisen Zentralbank Österreich AG (RZB). This step contributed substantially to bringing our core capital ratio based on credit risk (Tier 1) to an impressive 14.1 per cent at year's end. We strengthened our liquidity primarily by intensifying acquisition efforts on the deposit side, expanding our proven cooperation with supranational institutions, and financing through RZB. Now, the market situation is once again characterized by very good liquidity. More selective lending, extensive restrictions on granting foreign currency loans to private individuals, and targeted strengthening of our loan work out and collection activities have been the highlights of Group risk management. Quick, determined, and consistent action to take advantage of cost-cutting opportunities was also extremely important. That enabled us to improve our cost-income ratio last year by 1.5 percentage points to 52.5 per cent.

Unsurprisingly, 2009 was also shaped by the sharp rise of non-performing loans and the related increase of provisioning for impairment losses. However, the upward momentum of non-performing loans slowed significantly in the second half of the year, and overall economic conditions improved. Many market observers share our view that this trend will continue in 2010.

The confidence of our customers has been and remains our most important indicator of success. The increase in the number of our customers during the year from 14.7 million to 15.1 million demonstrates that we are able to enjoy this confidence despite, or even because of, the extraordinarily difficult times. Our exceptionally broad position in terms of market coverage and product range was honored again in 2009 by a number of international awards. For example, *Euromoney* and *Global Finance* magazines again selected us as "Best Bank" in the CEE region.

We may have passed the worst point of the economic crisis, but 2010 will be another year of great challenges. We therefore consider it extremely important that we continue to focus fully on the agenda set in the crisis year of 2009.

We are firmly convinced that the CEE region will prove to be *the* driving economic force in Europe again after the crisis. The countries of Central and Eastern Europe suffered some setbacks last year, which were significantly more severe in some cases than those in Western European countries. But the convergence process that started more than two decades ago is still far from over. The continuing need to catch up after about five decades of communism will, according to practically all forecasts, ensure that the region again undergoes stronger growth than Western Europe in the years ahead. Added to that is its comparatively lower penetration rate with respect to banking products. All of this should be a solid basis of renewed successful development for banks operating in the region.

We owe our ability to have coped so well with the past year not least to the support of our shareholders. I would like to make very special mention here of the role played by our principal shareholder RZB and the strong backing that we have received from the entire Raiffeisen Banking Group Austria. My thanks extend equally to all institutional and private investors who have remained loyal to us in the past twelve months. I am also grateful for the trust placed in us by our customers and business partners. It has been particularly gratifying to see our employees meet the challenges of 2009 not only with high motivation, but also with exceptionally great dedication. I would therefore like to thank – also on behalf of my Managing Board colleagues – the 56,530 employees of Raiffeisen International for their contribution to our company's success.

Herbert Stepic
Chairman of the Managing Board
Raiffeisen International Bank-Holding AG

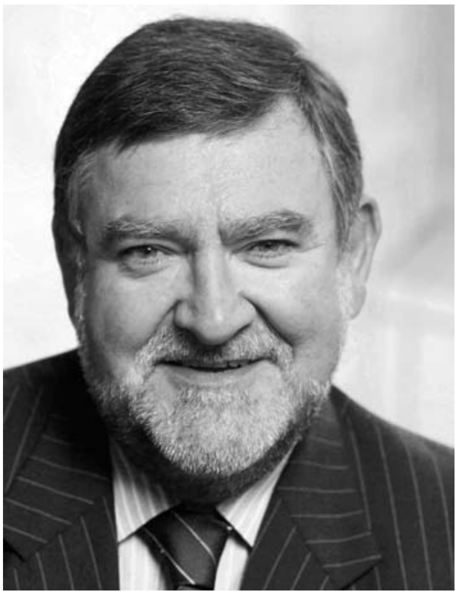
Managing Board of Raiffeisen International

f.l.t.r.:

Herbert Stepic
Chief Executive Officer

Peter Lennkh
Member of the Management Board

Aris Bogdaneris
Member of the Management Board



Martin Grüll
Member of the Management Board
(Chief Financial Officer)

Heinz Wiedner
Member of the Management Board
(Chief Operating Officer)

Rainer Franz
Member of the Management Board

Report of the Supervisory Board

As in the past, open communication prevailed between the Managing Board and the Supervisory Board in the reporting period. The Managing Board of Raiffeisen International regularly informed the members of the Supervisory Board and its Committees. Reports were made in a timely and comprehensive manner about all relevant aspects of business development, including the risk management of the company and that of material Group entities.

The Managing Board also informed the Supervisory Board in a detailed, timely manner concerning all aspects of the company's strategic orientation, so the Supervisory Board was able to fulfill its monitoring duty diligently and make sound decisions. That enabled the Supervisory Board to discuss the status of the strategy's execution at regular intervals with the Managing Board.

The Supervisory Board held five meetings during the period under review. All members of the Supervisory Board participated in more than half of the meetings. At all of the meetings, the Supervisory Board performed the tasks prescribed to it by law in compliance with the Austrian Corporate Governance Code.

In the meetings and in separate talks, the consequences of the financial and economic crisis, and particularly of the turbulent developments on the capital markets for the company and the Group, were discussed extensively. There were thus regular reports regarding the current earnings position as well as on the liquidity and risk situation of the Group.

The annual financial statements and management report as well as the consolidated financial reports and management report for 2008, were examined at the meeting on 25 March 2009. Pursuant to the Audit Committee's recommendation, the annual financial statements were ratified, and the proposal regarding the use of profit was approved. The Supervisory Board was informed about the management letter. Note was taken of the corporate governance report together with the external examination.

The Supervisory Board joined in the Audit Committee's proposal to appoint Vienna-based *KPMG Austria GmbH, Wirtschaftsprüfungs- und Steuerberatungsgesellschaft* as (Group) auditor for the fiscal year 2009. It therefore submitted that proposal to the Annual General Meeting.

In the meeting of 25 March 2009, Kurt Geiger was nominated as a new Supervisory Board member, and Patrick Butler and Stewart D. Gager were nominated for reappointment as Supervisory Board members by the Annual General Meeting. All nominees were elected at the Annual General Meeting of 9 June 2009. Their period in office will end at the Annual General Meeting which decides on the discharge of board members for 2013.

At the meeting on 8 June 2009, the compliance report was submitted and discussed in addition to the Managing Board's report on the situation of the company and the Group.

In accordance with the resolution of the Annual General Meeting, the distribution of Supervisory Board remuneration was decided at the meeting on 9 June 2009.

At the meeting of 23 September 2009, the semi-annual figures were submitted to the Supervisory Board. Furthermore, the management of risk and non-performing loans and the Group's current liquidity situation were discussed in view of the crisis.

The Group's lending policy and liquidity situation were also the subject of the meeting on 2 December 2009, and the Managing Board reported on measures in that regard. The planning for 2010, the 2010 budget, and the market positioning of Raiffeisen International were discussed. In addition, a status report on the topic of compliance was given. In accordance with the provisions of the Austrian Corporate Governance Code as amended in 2009, the Supervisory Board had an external evaluation of its actions conducted. The results were discussed in detail at the meeting.

The Chairs of the Working, Audit, and Personnel Committees reported regularly to the Supervisory Board about the work of the respective committee.

The Working Committee dealt primarily with the appointment of officers in the Group and disposition of shareholdings in Group companies.

The Audit Committee monitored the accounting process, the effectiveness of the company's internal controlling system, internal auditing system, and risk management. It furthermore monitored the audit of the annual financial statements and the audit of the consolidated financial statements. Moreover, determining and monitoring the independence of the auditor of the financial statements were also among the Audit Committee's duties. It examined the annual financial statements and the consolidated financial statements and the preparation of their ratification. It dealt with the proposal concerning the use of profit, the management letter, and the corporate governance report. Furthermore, it made a proposal concerning the appointment of the auditor.

The Personnel Committee dealt with matters related to the remuneration of the Managing Board including the bonus arrangements and the directors and officers insurance.

The accompanying consolidated financial statements (income statement, statement of financial position, and notes) and the consolidated management report as well as the annual financial statements and management report of Raiffeisen International were audited by *KPMG Austria GmbH, Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, Vienna*. The audit has revealed no reasons for objection, and the statutory requirements have been fully satisfied, thus allowing an unconditional auditor's certificate to be issued.

The compliance audit performed on the Corporate Governance Report according to section 243b of the Austrian Commercial Code (Unternehmensgesetzbuch) was performed by *Univ. Prof. DDr. Waldemar Jud Corporate Governance Forschung CGF GmbH* and the concluding results did not give any cause for significant claim.

After thorough review and discussion of the consolidated financial statements and the annual financial statements in the Audit Committee and in the Supervisory Board, the Supervisory Board has declared its agreement with the proposal regarding the use of profit and approves the annual financial statements of *Raiffeisen International Bank-Holding AG*. They have thus been ratified in accordance with Section 125 (2) of the Austrian Stock Corporation Act (AktG).

Vienna, February 2010

For the Supervisory Board
Walter Rothensteiner, Chairman

Overview of Raiffeisen International

Raiffeisen International is one of the leading banking groups in Central and Eastern Europe and operates one of that region's largest bank networks with 3,018 business outlets. Its leading role is furthermore reflected in the good positioning of its network banks in their respective markets. At the end of 2009, 6 Raiffeisen International network banks ranked among the top three banks in their countries.

Raiffeisen entered the Central and Eastern European region more than 20 years ago by founding the first subsidiary bank in Hungary in 1986. While the company's expansion was initially characterized by the establishment of its own banks, acquisitions of existing banks began to predominate in 2000. The successful integration of these banks into the Group was aided by many years of experience. To finance its further growth efficiently, Raiffeisen International went public in April 2005. It issued more shares in the framework of a capital increase in October 2007.

Raiffeisen International concentrates its activities exclusively on the markets of Central and Eastern Europe. Even though the economic crisis is interrupting the catch-up process of those markets, higher growth compared with Western Europe may already be expected in the region as of 2010. The broad diversification of Raiffeisen International has proven advantageous in both regional and business respects in times of crisis, as countries and sectors are affected in differing degrees by the crisis.

As of 31 December 2009, the Raiffeisen International network comprised 15 banks and other financial service enterprises, for example, in the area of asset management. Its 56,530 employees served 15.1 million customers in 17 markets.

Awards in 2009

Raiffeisen International's leading role is reflected in the many prizes that it received from the international financial press in 2009, including some that the banking group had already won in previous years. The most important awards in the reporting period came from Global Finance and Euromoney.

Global Finance selected Raiffeisen International together with RZB as "Best Bank in Central and Eastern Europe" in March 2009. Network banks were also acknowledged with numerous awards by Global Finance. The magazine gave the title of "Best Bank" to the units in Bosnia and Herzegovina, Bulgaria, the Czech Republic, Serbia, and Slovakia.

For the fifth consecutive time, Euromoney named Raiffeisen International together with RZB as "Best Banking Group in Central and Eastern Europe (CEE)" in July 2009. Moreover, the network banks in Albania, Belarus, Bosnia and Herzegovina, Kosovo, Serbia, and Ukraine were awarded the title of "Best Bank".

Markets of Raiffeisen International

Data as of 31 December 2009	Balance sheet total in € million	Change[1]	Business outlets	Employees
Albania	1,842	(10.1)%	104	1,326
Belarus	1,224	(25.6)%	96	2,147
Bosnia and Herzegovina	2,325	(2.9)%	101	1,655
Bulgaria	3,998	(16.1)%	199	3,282
Croatia	5,900	(1.4)%	85	2,225
Czech Republic	7,739	7.5%	111	2,638
Hungary	8,778	(8.3)%	145	3,197
Kazakhstan	74	(23.8)%	1	11
Kosovo	672	12.4%	51	668
Poland	6,241	(12.2)%	124	3,007
Romania (incl. Moldova)	6,164	(6.0)%	563	6,235
Russia	11,681	(21.9)%	215	8,608
Serbia	2,762	(5.2)%	101	1,982
Slovakia	9,324	(15.0)%	152	3,601
Slovenia	1,583	4.9%	17	352
Ukraine	4,983	(20.7)%	953	15,225
Subtotal	**75,289**	**(11.0)%**	**3,018**	**56,159**
Other/consolidation	986	–	–	371
Total, Raiffeisen International	**76,275**	**(10.7)%**	**3,018**	**56,530**

[1] Change of balance sheet total versus 31 December 2008. Change expressed in local currencies differs due to fluctuating euro exchange rates.

Emerging stronger from the crisis with a sustainable business model

Interview with Chairman of the Managing Board, Herbert Stepic

The year 2009 was obviously the most difficult in Raiffeisen International's history. What was special about the year for you?
I have experienced a great deal in more than three decades as a banker, but nothing compares to the events that occurred after the collapse of Lehman Brothers and then shaped 2009. The international crisis of confidence caused an extreme scarcity of liquidity, which naturally had a disproportionate effect on emerging markets such as Central and Eastern Europe. The convergence process in the CEE region was suddenly interrupted by a crisis that for the first time proceeded from a developed national economy and was not regionally limited. This put entire government budgets under considerable pressure, as well as the businesses operating there – especially the banks. The risk premiums that had to be paid for CEE financing rapidly grew to many times of that which we had seen in previous years, before reaching roughly the level at which they had been before the collapse of Lehman Brothers in the fourth quarter of 2009. It was extremely positive in this connection that policy-makers and supranational institutions acted quickly and decisively. The European Union proved to be a strong source of backing and the International Monetary Fund left no doubt that it would substantially support countries in distress. This was extremely important because it allowed what was established after the fall of the Iron Curtain, a common Europe, to be preserved. A relapse into division of the continent was prevented.

What mark has the crisis left on the banking sector?
Very clearly, a paradigm shift has occurred. While the focus used to be on growth and profitability, the dominant themes in 2009 were capital, liquidity, and risk management. Since the worsening of the crisis we have responded to difficult market requirements by proceeding with even greater awareness of risk and have further improved our liquidity and capital resources. After many years of continuous growth, Raiffeisen International decreased its balance sheet total by 10.7 per cent in 2009. This was largely a result of lower demand, but

also reflects the devaluation of many CEE currencies. Finally, more selective lending also contributed to this development.

Raiffeisen International has also had to form considerable provisioning for impairment risks. How do you think this situation will develop in the future?

It is true that non-performing loans, that is, loans on which customers are more than 90 days in arrears, increased very sharply. We formed provisions in 2009 accordingly, which are around 123 per cent above the preceding year's level. It is important to emphasize, however, that by no means will all these provisions convert into full write-offs. There are two reasons for that: the improving economic environment and the intrinsic value of our collateral. Moreover, the upward momentum of non-performing loans has been decreasing since the third quarter. That is at least an encouraging sign and suggests that the crisis is subsiding. Although non-performing loans are still rising overall, the strong rates of increase seen in the first half of 2009 appear to be over.

In which markets did economic conditions worsen the most?

It has become very clear this year that Central and Eastern Europe is not a homogeneous region and individual countries have thus been affected quite differently by the crisis. With the exception of Hungary, Central Europe has proven to be relatively crisis-resistant. In Southeastern Europe, the problems have appeared at a significant delay and with characteristics that vary from country to country. Russia was hit relatively hard by the crisis, but has distinguished itself with good crisis management on the part of the government and central bank, quickly furnishing liquidity and thereby limiting the negative consequences for the economy. As a result, the Russian economy managed a comparatively rapid turnaround. Ukraine was one of the countries that suffered the most from the crisis. Among other things, heavy dependence on the commodity markets and domestic political rivalries contributed to that. Consequently, our need for provisioning for impairment losses was very strongly shaped by the development in Ukraine, but provisioning requirements in Hungary heavily burdened our earnings too.

Ukraine in particular is associated with the topic of "foreign currency loans." Where are things headed there?

In Ukraine, servicing of foreign currency loans has become a problem, especially for many private individuals because of the sharp decline of the local currency. But one should not make the mistake of condemning foreign currency loans in general for that reason. They were necessary in the past for putting together long-term financing, and will be justified in that business area in the future. However, banks will generally proceed much more restrictively, and we will limit ourselves to the euro and US dollar and only offer such loans to customers with relatively high incomes.

Looking back on 2009, is there anything that you judge positively?

Despite this extraordinarily great burden, we managed to make a profit in 2009, which is by itself very positive in light of the economic environment. A crucial factor for our success in the crisis was that we were able to reduce total costs despite high capital investments in the previous years. For me, that is one of the most important accomplishments. Keep in mind that we have had growth rates of more than 20 per cent in the past years. In 2009, we reduced our costs by around 14 per cent. This considerable result was achieved in part by programs to enhance efficiency and reduce costs, for example, in the context of negotiating tenancy agreements and centralized procurement. Regrettably, it was not possible to avoid layoffs in the pursuit of efficiency enhancement. Despite acting in a socially responsible manner, this was a painful process for us. We have cut about 6,800 jobs since the beginning of the crisis, but are still at the level of the third quarter of 2007. I also consider it a success that we have slightly expanded our customer base. Customers perceive us as quality providers even more than before and entrust their money to us. This shows that the Raiffeisen brand continues to emanate strong appeal and our employees are doing an excellent job.

How will Central and Eastern Europe develop in the near future?

I am convinced that the region will continue to be *the* European market of the future, but we will see more moderate growth figures than before the crisis. After the GDP decline of 2009, which for the entire region came to about

6.0 per cent, Raiffeisen Research's analysts forecast real GDP growth of 2.6 per cent for 2010. Another positive factor is that budget deficits have been reduced in most of the countries due to diminished imports. Parallel to this, we can observe a great slowing of inflation. That and the resurgence of industrial production make me very confident. Furthermore, Central and Eastern Europe have long offered plenty of economic incentives for exporters and investors. To illustrate this point, I would just mention the region's well-educated residents, who yearn for success. Overall, I am convinced that the convergence process will continue.

What will Raiffeisen International's emphases be in 2010?

We are in the fortunate position that we do not have to change our business model. As a universal bank, we provide our customers with "bread and butter" products, that is, transparent products geared to customer needs. The environment will be more buoyant, but the situation overall will continue to be strained. That means we will still face considerable need to provision for impairment losses and find ourselves in stiff competition for customers with good credit standing. We will therefore put special emphasis on risk and portfolio management in addition to a moderate adjustment of lending conditions. Continuing strict cost management will also be very important. We will therefore work with great determination on further enhancing our efficiency. I believe that we have become a better organization because of the enormous challenges we have faced, and we intend to continue working on that. It remains our goal to emerge from this crisis stronger with the help of our sustainable business model. If our corporate and retail customers notice this effort, then we have already achieved the most important thing.

What can one expect of Raiffeisen International's business development?

It is still nearly impossible to give reasonable forecasts. However, I generally expect there to be a resurgence in demand, and thus our lending volume should also increase slightly. While we will continue to keep a close eye on costs, we intend to strengthen the income side by means of a targeted increase in cross-selling. Liquidity is no longer the determining factor, as the liquidity situation on the markets is now good again. We now know from experience, however, that this can change very quickly. We will therefore keep an eye on strengthening our primary deposits in any case.

The direct bank[1], whose founding you announced a few months ago, can also be viewed in this context. What lies ahead in that regard?

We are in the process of significantly improving our product range for private individuals. The focus there is on high-income customer groups, but also on those who intensively use the internet and online services. We want to reach the latter with the direct bank. We received the license for that in late autumn and want to launch this bank – which will offer only deposit products at first – in the current year in selected markets. The bank will further strengthen our liquidity position and will offer the best evidence that we intend to continue innovating and investing in the region.

And how did the CEE Charity you founded develop in 2009?

Very well, considering the difficult environment. The goal of the initiative is to help children, youth, and young women in disadvantaged regions. There are now seven projects in Ukraine, Serbia, Bulgaria, and Bosnia and Herzegovina. I hope that we will soon manage to have at least one project running in every Central and Eastern European country in which Raiffeisen operates. Donations are gladly accepted!

[1] *Raiffeisen International Direct Bank AG*

Stock and investor relations

Mild market rally from the end of the first quarter

The beginning of 2009 on international stock markets was still heavily shaped by the economic crisis. Stock prices, particularly those of banks with Central and Eastern European exposure, declined worldwide to multi-year lows. That was accompanied by partial nationalizations and rating downgrades of some banks. In addition, there was a steady stream of negative economic data from many countries and pessimistic forecasts from economic research institutes. Nevertheless, the spread of stimulus packages and government guarantees which started in 2008 in several countries caused a mild market recovery toward the end of the first quarter.

That continued in the second quarter, when major US banks did unexpectedly well in stress tests and released surprisingly strong figures for the first quarter of 2009. Good economic data, especially from the United States and China, further contributed to the recovery. The lowering of key interest rates by the European Central Bank (ECB) in April and May by 25 basis points each to 1 per cent also had a positive influence on the stock markets. That the US central bank left its key interest rate at almost 0 per cent from the end of 2008 onward had a similar effect. However, the lack of better fundamental data in the United States dampened the mood, as did negative economic forecasts by the International Monetary Fund (IMF) and the World Bank.

Good half-year results from US companies – including many banks – and the statement by the Federal Reserve Chairman that the US economy has probably overcome the recession stimulated the stock markets appreciably in the third quarter. Better than expected economic data in various countries also contributed to that.

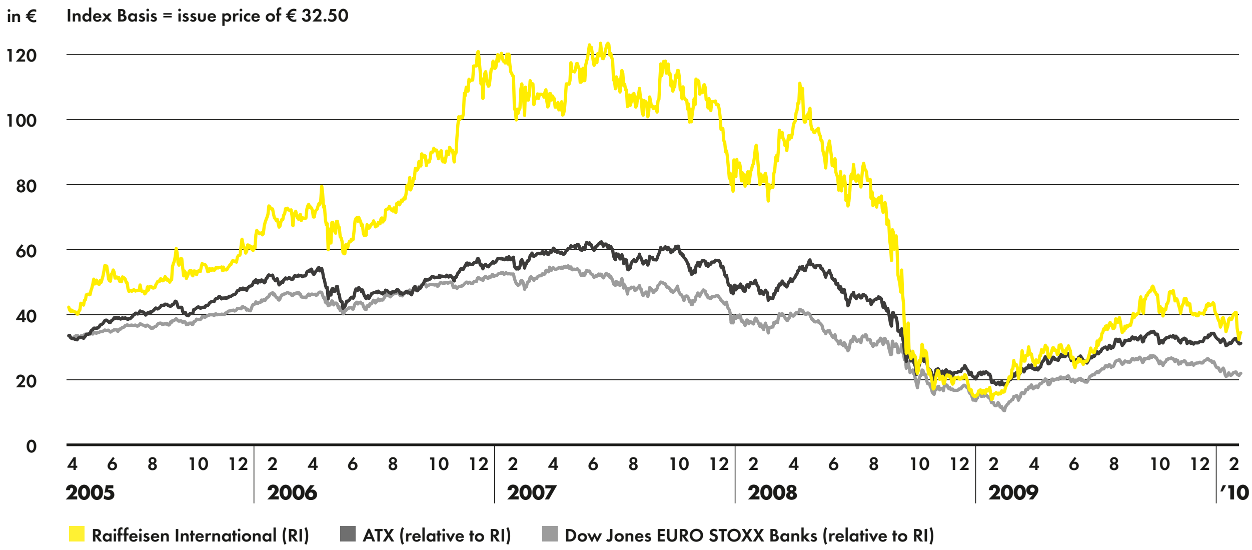
Following unexpectedly weak consumer confidence, positive economic news came with increasing frequency toward year's end. That prompted Europe's largest central banks to announce their intention to reduce the high level of liquidity in 2010. Set against that, however, were demands for stricter capital requirements on banks raised at the G-20 summit meeting in Pittsburgh and by the Bank for International Settlements. A further burden on the capital markets was the suspension of debt service by sovereign wealth fund Dubai World at the end of November. This was intensified when the Dubai government announced it would not undertake any guarantee to repay the debts, as the possibility that governments will not back their financially troubled concerns in the future became more likely with that announcement.

Raiffeisen International benefits from growing confidence in CEE banks

In the beginning of the year, Raiffeisen International stock declined significantly at first in a difficult market environment and closed at its all-time low of € 13 on 17 February. However, in the course of a general market rally, the stock advanced appreciably when shortly thereafter very good earnings were reported for the year 2008.

In the second quarter, bank stocks in particular benefited from conjectures that the recession had reached its worst point. Further positive impetus, especially for banks with CEE exposure,

Price performance since 25 April 2005 compared with ATX and DJ EURO STOXX Banks

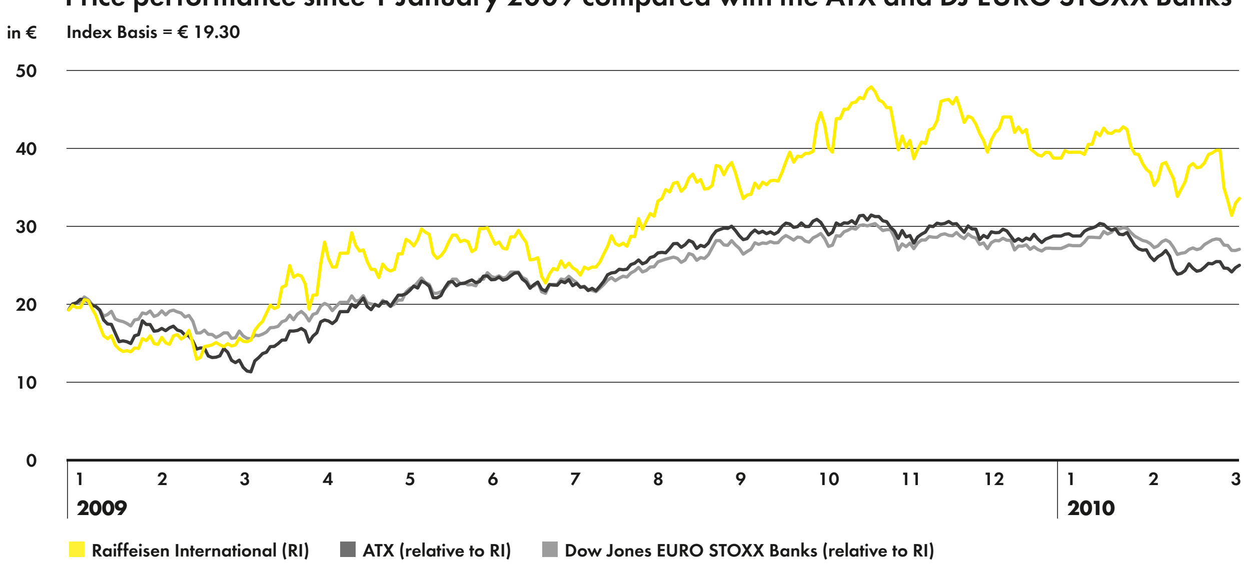


came from the IMF's Financial Stability Report, which corrected estimates of the funding requirements of Central and Eastern European countries downward. Aided by these factors, Raiffeisen International stock neared the € 30 mark several times. However, because of the subsequently released negative forecasts by the IMF and World Bank, banks and hence Raiffeisen International had to give up part of their previously achieved gains at around mid-year.

Supported by the positive assessment of domestic banks regarding their capitalization by the *Oesterreichische Nationalbank* (Austrian National Bank) and returning confidence in banks with Central and Eastern European exposure, Raiffeisen International stock surpassed the € 30 mark in the third quarter and later the € 40 mark.

This upward trend of Raiffeisen International stock continued in the fourth quarter and led to an intraday high for the year of € 48.55 on 20 October. However, the stock fell below € 40 at the end of October. It did recover later, but only registered sideways movement in the course of the fourth quarter. When the Austrian stock market suffered in mid-December from the nationalization of *Hypo Group Alpe Adria AG*, Raiffeisen International stock dropped below the € 40 mark again, where it stayed for the remainder of the year.

Price performance since 1 January 2009 compared with the ATX and DJ EURO STOXX Banks



The result was an increase of the stock price by 105 per cent from € 19.30 at the end of 2008 to € 39.50 on 31 December 2009. Raiffeisen International thus beat Austria's most important stock index, the Austrian Traded Index (ATX), and the benchmark index for European banks, the Dow Jones EURO STOXX Banks, in 2009.

Raiffeisen International stock reached its high for the year on 19 October at € 47.86 (closing price). At the end of 2009, Raiffeisen International's market capitalization stood at € 6.1 billion with 154.7 million shares issued. As of the editorial deadline for this report on 1 March 2010, the stock stood at € 33.58 which represents a decrease of 15 per cent compared with the end of 2009.

In 2009, 97 million Raiffeisen International shares were traded. In the process, total turnover of € 2.9 billion and average daily trading volume of 391,312 shares were achieved.

Raiffeisen International stock in major indices

Raiffeisen International stock is listed in several indices that are important in Austria including the ATX and its subindices, ATX Five and ATX Prime. The company is represented in the three indices with a weight ranging between 7 per cent and 14 per cent. Furthermore, Raiffeisen International is included in the Dow Jones EURO STOXX, the Dow Jones EURO STOXX Banks, and the global Dow Jones STOXX 600. It is also listed in the significantly larger MSCI World.

Shareholder structure

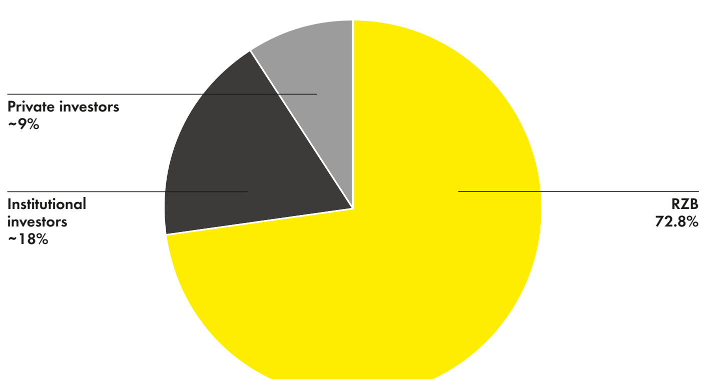
With 72.8 per cent, RZB is the majority shareholder in Raiffeisen International, with the remaining 27.2 per cent in free float. Institutional investors own about 18 per cent of the company's stock, and private individuals about 9 per cent. The proportion of private shareholders underwent a significant increase of about 6 percentage points versus the end of 2008 to about 9 per cent at the end of the reporting period. The majority of private investors are in Austria. Institutional investors, whose stake in Raiffeisen International decreased by about 9 percentage points compared with the end of 2008, are geographically more diversified with only 17 per cent orginating from Austria. About 30 per cent of the institutional investors are in the United States, about 37 per cent in continental Europe, and about 13 per cent in Great Britain. The remaining roughly 3 per cent of the institutional investors come from other countries such as Japan, China, the United Arab Emirates and Singapore.

Capital market communication in times of crisis

Active communication with the capital market is indispensable for Raiffeisen International, especially in economically difficult times. With that in mind, the Managing Board and the Investor Relations team again attended various international investor events in London, Zurich, Paris, and New York.

In Austria, the company participated in an investor event in the resort town of Zürs in 2009. Investors and analysts were furthermore invited to a meeting with the Managing Board at the company's Vienna headquarters in December 2009. The management talked with private shareholders after its presentation of the company at a trade fair held in Vienna in October by the Austrian business magazine *Gewinn*. The Managing Board also spoke at a roadshow for private investors at the *Oesterreichische Kontrollbank* in Vienna.

Shareholder structure of Raiffeisen International



Expansion of analyst coverage

Despite the crisis, which led to the merging of some banks and hence reduced the number of potential covering institutions, analyst interest in Raiffeisen International rose in 2009. At year's end, there were 25 firms that were regularly publishing recommendations. In August, the 500th study on Raiffeisen International since the IPO in April 2005 was published, and 207 analyses appeared in 2009 alone. As of 31 December 2009, 21 per cent of the analysts recommended buying Raiffeisen International stock, and 38 per cent holding it, while 42 per cent advised selling. Current analyst recommendations may be viewed online at www.ri.co.at → Investor Relations → RI Share → Analyst Reports.

Equal treatment of institutional and private shareholders

Raiffeisen International relies primarily on the internet to ensure that institutional and private shareholders are simultaneously informed about important developments. For that purpose, it offers investors and other interested parties the possibility of signing up for an e-mail information service on its website at www.ri.co.at → Investor Relations → Ordering and E-mail Service.

About 800 participants at the Annual General Meeting

Raiffeisen International's Annual General Meeting on 9 June 2009, held at the Austria Center Vienna, was likewise geared to private shareholders. With about 800 participants, it was one of the best-attended shareholder's meetings in Austria. The Annual General Meeting approved an unchanged dividend of € 0.93 per share and an anticipatory resolution for the issuance of participation rights with equity characteristics totaling up to € 2 billion within five years.

On the basis of that resolution, Raiffeisen International issued participation rights amounting to € 600 million in mid-July, in addition to € 650 million in hybrid Tier 1 capital. Both issues were completely subscribed by RZB. These issues were accompanied by a conference call like the ones Raiffeisen International usually conducts when publishing results. The presentations from the conference calls may be found online at www.ri.co.at → Investor Relations → Raiffeisen International Share → Financial Reports & Figures → Presentations.

Dividend proposal

The shareholders of Raiffeisen International are cordially invited to the Annual General Meeting for 2009 which is expected to take place on 8 June 2010 in the Austria Center Vienna. The Managing Board will propose a dividend of € 0.20 per share at the event. If the Annual General Meeting approves this proposal, the total dividend payment will come to € 30.9 million. Raiffeisen International shows continuity regarding the relation between the dividend payout to profit, with a payout ratio that has remained unchanged at 14.6 per cent in comparison to the preceding year. The dividend is expected to be paid out on 16 June 2010, which will also be the ex-dividend date.

Details regarding the Annual General Meetings for 2008 and 2009 are available online at www.ri.co.at → Investor Relations → Events.

Index information

Index (selection)	Number of companies in the index	Weight of Raiffeisen International in the index
ATX	20	8.5%
ATX Five	5	14.5%
ATX Prime	48	7.1%
Dow Jones EURO STOXX	313	< 1%
Dow Jones EURO STOXX Banks	38	< 1%
Dow Jones STOXX 600	600	< 1%
MSCI World	1,656	< 1%

Share data

Price on 31 December 2009	€ 39.50
High/low in 2009 (closing prices)	€ 47.86 / € 13.00
Earnings per share for 2009	€ 0.99
Market capitalization as of 31 December 2009	€ 6.1 billion
Average daily trading volume in 2009 (single counting)	391,312 shares
Stock exchange turnover in 2009 (single counting)	€ 2.9 billion
Free float as of 31 December 2009	27.2%

Share details

ISIN	AT0000606306
Ticker symbols	RIBH (Vienna Stock Exchange)
	RIBH AV (Bloomberg)
	RIBH.VI (Reuters)
Market segment	Prime Market
Issue price per share at IPO (25 April 2005)	€ 32.50
Issue price per share at capital increase (5 October 2007)	€ 104.00
Number of shares issued as of 31 December 2009	154,667,500
Average number of shares in 2009	153,673,832

Investor Relations

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Raiffeisen International Bank-Holding AG, Investor Relations
Am Stadtpark 3, 1030 Vienna, Austria

Corporate governance report

Raiffeisen International places great value on responsible and transparent management to establish and maintain a trusting relationship with its various stakeholders, including especially capital market participants. It therefore agrees to comply with the Austrian Corporate Governance Code (ACGC) as amended in January 2009. The ACGC is publicly available at the websites of the Austrian Working Group for Corporate Governance (www.corporate-governance.at) and Raiffeisen International (www.ri.co.at → Investor Relations → Corporate Governance). Raiffeisen International's corporate governance report is organized as prescribed by Section 243b of the Austrian Commercial Code (UGB) and is oriented to the structure set forth in Appendix 2 of the ACGC.

Transparency of corporate governance is of special importance to Raiffeisen International. The ACGC is organized into L rules and C rules. L rules are based on compulsory legal requirements. C rules are to be complied with, and any divergence must be explained and justified to achieve conduct in conformity with the Code.

In the period under review, all L rules and – with two exceptions – all C rules of the ACGC were fulfilled. Raiffeisen International diverges from C Rule 31 of the ACGC, which provides for individual publication of the fixed and performance-based remuneration granted to Managing Board members in 2009. Disclosure of the remuneration is made for the entire Managing Board. Individual amounts of remuneration are not published for reason of data privacy law and out of consideration for the individual Managing Board members' right to privacy. Raiffeisen International also diverges, from a formal point of view, from the C Rule 45, which stipulates that members of the supervisory board are not to assume duties in the corporate bodies of other enterprises which are in competition with the Company. The Supervisory Board member, Kurt Geiger, has been holding a seat in the Board of Directors of *TBIF Financial Services B.V.* since the autumn of 2009. This company provides financial services in Romania, Bulgaria, Ukraine, and Russia. Since TBIF's market share in these countries is very marginal, no competitive relationship in fact exists. Due to this economic irrelevance, the Supervisory and Management Boards of Raiffeisen International decided to make an exception to the prohibition of the C Rule 45 in this singular case.

Following regulation 62 of the ACGC, the Company commissioned an external evaluation by *Univ.-Prof. DDr. Waldemar Jud Corporate Governance Forschung GmbH*. The report about this external evaluation is available to the public on the Raiffeisen International website (www.ri.co.at → Investor Relations → Corporate Governance → Declaration regarding CG Code).

Composition of the Managing Board

The Managing Board currently consists of 6 members:

Managing Board	Year of birth	Date first appointed	End of term
Herbert Stepic, Chairman	1946	14 June 2001	13 June 2011
Martin Grüll	1959	3 January 2005	1 January 2015
Aris Bogdaneris	1963	1 October 2004	25 September 2014
Rainer Franz	1943	20 January 2003	30 June 2010
Peter Lennkh	1963	1 October 2004	25 September 2014
Heinz Wiedner	1953	14 June 2001	13 June 2011

The members of the Managing Board have seats on the supervisory boards or comparable functions in the following domestic and foreign companies not included in the consolidated financial statements:

- Herbert Stepic: *OMV AG*
  Oesterreichische Kontrollbank AG
  Raiffeisen Centrobank AG

Composition of the Supervisory Board

The Supervisory Board currently has 7 members:

Supervisory Board	Year of birth	Date first appointed	End of term
Walter Rothensteiner, Chairman	1953	11 May 2001	Regular Annual General Meeting 2011
Manfred Url, Deputy Chairman	1956	11 May 2001	Regular Annual General Meeting 2011
Patrick Butler	1957	28 September 2004	Regular Annual General Meeting 2013
Karl Sevelda	1950	11 May 2001	Regular Annual General Meeting 2011
Stewart D. Gager	1940	24 January 2005	Regular Annual General Meeting 2013
Johann Strobl	1959	10 June 2008	Regular Annual General Meeting 2013
Kurt Geiger	1946	9 June 2009	Regular Annual General Meeting 2013

Independence of the Supervisory Board

The Supervisory Board of Raiffeisen International stipulates the following criteria for the independence of supervisory board members of a company in the meaning of Rule 53 of the ACGC:

- The supervisory board member shall not have served as member of the management board or as management-level staff of the company or one of its subsidiaries in the past 5 years.

- The supervisory board member shall not maintain or have maintained in the past year any business relations with the company or one of its subsidiaries to an extent of significance for the member of the supervisory board. This shall also apply to relationships with companies in which a member of the supervisory board has considerable economic interest. The approval of individual transactions by the supervisory board pursuant to L Rule 48 of the ACGC does not automatically mean the person qualifies as not independent.
- The supervisory board member shall not have acted as auditor of the company or have owned a share in the auditing company or have worked there as an employee in the past 3 years.
- The supervisory board member shall not be a member of the management board of another company in which a member of the management board of the company is a supervisory board member.
- The supervisory board member shall not be a close relative (direct offspring, spouse, life partner, parent, uncle, aunt, sibling, nephew, or niece) of a member of the management board or of persons who hold one of the aforementioned positions.

The exercise of functions within the group or the mere exercise by a supervisory board member of duties as a member of the management board or as a managing director shall not result in the relevant enterprise being considered an "enterprise in which the supervisory board member has a substantial economic interest" unless the circumstances give reason to believe that the supervisory board member draws an immediate personal benefit from such enterprise.

All members of the Supervisory Board of Raiffeisen International meet the criteria applying to the independence of supervisory board members.

As members of the Supervisory Board, Stewart D. Gager and Kurt Geiger are neither shareholders with a stake of more than 10 per cent nor represent such shareholders and are therefore "free float representatives" in the meaning of C Rule 54 of the ACGC 2009.

Members of the Supervisory Board have the following supervisory board seats or comparable functions in domestic and foreign companies:

- Walter Rothensteiner: *UNIQA Versicherungen AG*
- Karl Sevelda: *Bene AG*
- Kurt Geiger: *Raiffeisen Bank Aval JSC*.

Members of the Committees

The bylaws of the Supervisory Board regulate its organization and assign certain tasks to the Working, Audit, and Personnel Committees, respectively. The Committees are composed as follows:

Supervisory Board member	Working Committee	Audit Committee	Personnel Committee
Walter Rothensteiner	Chairman	Chairman	Chairman
Manfred Url	Deputy	Deputy	Deputy
Johann Strobl	–	Member	–

Meeting participation

All members of the Supervisory Board participated personally in more than half of the Supervisory Board meetings last year.

Contracts subject to approval

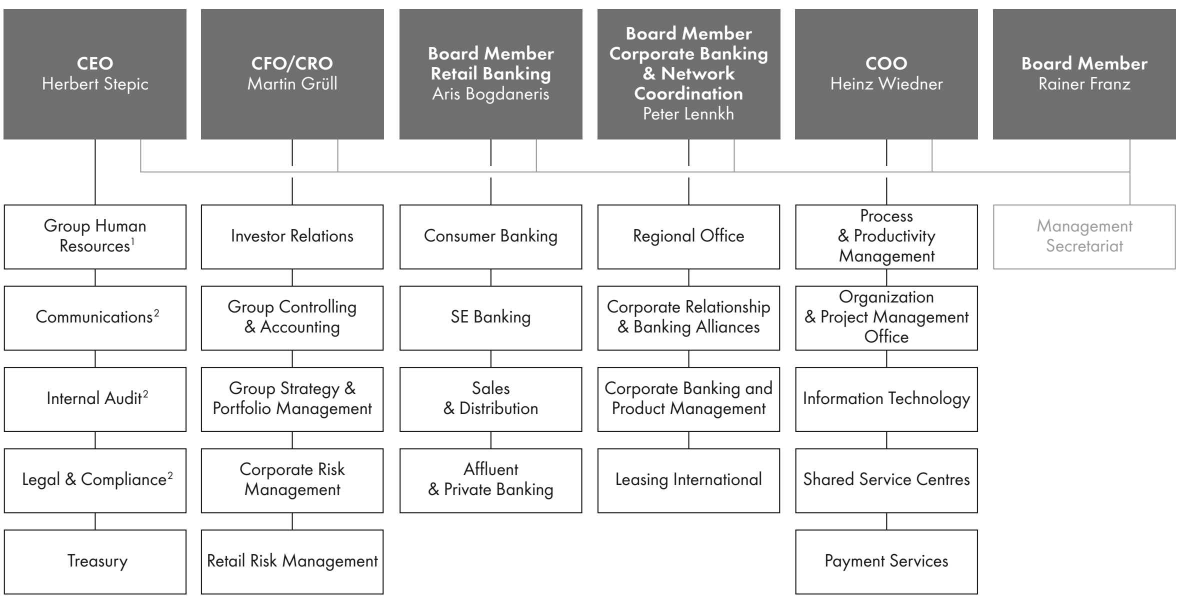
No contracts subject to approval as defined by the Austrian Stock Corporation Act were made with Supervisory Board members in 2009.

Working method of the Managing Board and Supervisory Board

Assignment of duties and working method in the Managing Board

The Managing Board of Raiffeisen International manages the Company according to clearly defined goals, plans, and guidelines with a forward-looking orientation and relying on modern principles of entrepreneurship. In the process, it constantly takes into account the interests of the shareholders and employees.

The area of responsibility of the Managing Board members have been defined by the Supervisory Board without prejudice to the Managing Board's overall responsibility as follows:



[1] „Learning & Development" reports functionally to Rainer Franz.
[2] Outsourced to RZB.

The Managing Board conducts the company's business in accordance with the laws, the articles of association, and the Managing Board's bylaws. The Chairman of the Managing Board convenes and presides over the weekly Managing Board meetings, which serve the purpose of mutual information and decision-making in all matters that require the body's approval. The bylaws of the Supervisory Board and of the Managing Board contain the Managing Board's duties to inform and report and a catalog of measures that require Supervisory Board approval.

Decision-making powers of the Committees

The management measures that require approval of the Supervisory Board or the responsible Committee are regulated in the bylaws of the Managing Board and the Supervisory Board and its Committees.

The Working Committee is responsible for all matters assigned to it by the full Supervisory Board. It is thus called upon to approve the transactions and measures not reserved to the Supervisory Board. Those include, in particular, the establishment and dissolution of subsidiaries as well as the acquisition of shareholdings up to a certain book value amount, the making or dissolution of syndication or voting trust agreements with co-shareholders, the assumption of duties in the corporate bodies of other enterprises by Managing Board members, or the appointment of persons to managing boards and supervisory bodies of Group lending institutions. The Working Committee furthermore approves the extension of loans and credits to Group enterprises from a certain amount upward.

The Personnel Committee concerns itself with the matters of remuneration of the Managing Board members and the employment contracts of the Managing Board members. It is specifically responsible for approving the bonus allotment and the allocation of shares from the share incentive program to the Managing Board members.

The Audit Committee monitors the accounting process and the effectiveness of the Company's internal control system, the internal auditing system, and the risk management system. The Committee's tasks include monitoring the audit of the financial statements and the audit of the consolidated financial statements and examining and monitoring the independence of the auditor of the consolidated financial statements, particularly in respect to additional services rendered to the audited company. The Committee examines the annual financial statements, the management report, the consolidated financial statements, and the Group management report as well as the preparation of its ratification; it furthermore examines the proposal concerning the distribution of profit and the corporate governance report. It reports to the Supervisory Board concerning the results of its examinations. It is furthermore its duty to prepare the Supervisory Board's proposal for the selection of the auditor of the annual and consolidated financial statements. The content of the management letter is also discussed in the Audit Committee.

Number of meetings

The Supervisory Board convened for 5 meeting in the reporting period. In addition, the Managing Board regularly informed the Supervisory Board in a timely and comprehensive manner about all issues relevant to business development, including the risk situation and risk management of the Company and material Group entities, and particularly about events of major significance.

The Audit Committee met twice. As a rule, the Working and Personnel Committees made their decisions in writing on a circulating basis, with important decisions being dealt with orally in advance.

Disclosure concerning Managing Board and Supervisory Board remuneration

Remuneration of the Managing Board

The remuneration of the Managing Board is reported according to fixed and performance-based components including remuneration for membership in corporate bodies of subsidiaries, bonuses, and payments in kind.

For the duration of the Managing Board contract, payments are made to pension funds on the basis of a contribution-oriented system. On the whole, the same rules apply to the Managing Board members as apply to employees. They provide that a basic contribution to a pension fund and an additional contribution be made by the Company if the employee makes contributions in the same amount. Individual retirement benefits that are funded by pension liability insurance additionally apply to 3 Managing Board members.

Furthermore, there is protection against the risk of occupational disability, likewise arranged by means of a pension fund or based on an individual pension commitment secured by pension liability insurance.

The following amounts of remuneration were paid to the Managing Board of Raiffeisen International:

in € 000	2009	2008
Fixed and performance-based remuneration	4,876	9,219
Payment to pension plans and pension liability insurance companies	97	79
Total	**4,973**	**9,298**

These figures contain fixed and performance-based amounts, including remuneration for service in the corporate bodies of associated enterprises, bonuses, and payments in kind. In the year under review, the share of performance-based remuneration components amounted to 5.5 per cent (2008: 60.7 per cent).

The performance-based components of the Managing Board's remuneration normally consist of bonus payments linked to the achievement of Company objectives for profit after tax, return on risk-adjusted capital, and cost/income ratio and to the achievement of annually agreed personal objectives and the value of an allotment of shares in the framework of the share incentive program. The entire Managing Board waived payment of an annual bonus for 2008. The value of the allotted shares corresponds to 100 per cent of the performance-based remuneration components. There were no material changes in the principles for profit-sharing compared with the preceding year.

In 2006, bonus commitments were made in connection with acquisitions to the Managing Board in the amount of € 4,750 thousand. Although the objectives set as conditions for payment were achieved by the subsidiaries in the years from 2006 to 2008 and hence bonus payments became payable in 2009, the Managing Board has waived any payment on this account.

The Chairman of the Managing Board continues in his function as a member of the Managing Board of RZB. The stated remuneration also includes income from that function.

Share incentive program

The share incentive program (SIP) is a stock-based remuneration program for the Managing Board, members of the managing boards of network banks, and executive personnel with a term of three years per tranche. At the beginning, a number of shares are conditionally allotted to beneficiaries that correspond in value to a fixed percentage of the basic annual remuneration. The number of shares actually allotted at the end of the term is geared to two equally weighted performance parameters – the average return on equity achieved during the term in comparison with a target value fixed per tranche and the TSR (total shareholder return) ranking in comparison with the banks listed in the Dow Jones EURO STOXX Banks subindex.

It is a prerequisite for participation in the SIP that the beneficiaries make an investment of their own and hold a number of Raiffeisen International shares during the term that corresponds to at least 30 per cent of the number of conditionally allotted shares.

The second tranche of the remuneration program matured in 2009 (the 2006 SIP tranche). In accordance with the terms of the program (published in the *Amtsblatt zur Wiener Zeitung* on 28 July 2006), the number of shares shown in the following table was actually transferred.

SIP 2006

Group of persons	Number of shares due	Value at share price of € 15.70 on allotment day (4 March 2009) in €	Number of shares actually transferred
Members of the Managing Board of Raiffeisen International Bank-Holding AG	16,986	266,680	10,761
Members of the managing boards of bank subsidiaries affiliated with Raiffeisen International Bank-Holding AG	30,380	476,966	27,807
Executives of Raiffeisen International Bank-Holding AG and other affiliated companies	11,234	176,374	7,379

To avoid legal uncertainties, a severance indemnity was paid in cash instead of a transfer of shares in 2 countries in accordance with plan terms and conditions for qualifying employees. In Austria, the possibility was granted to qualifying persons likewise to receive a cash settlement instead of half of the shares due in order to pay from that the wage tax due at the time of transfer. That results in the lower number of shares actually transferred in comparison with the number of shares due. The total number of own shares was reduced by the lower number of actually transferred shares.

A new tranche has heretofore been issued in the framework of the SIP every year. That means that conditional shares are allotted respectively for three tranches as of the balance sheet date. The number of those conditional shares amounted to 536,736 as of 31 December 2009 (the 2007 allotment accounted for 50,905 of those, the 2008 allotment for 83,368, and the 2009 allotment for 402,463). The originally disclosed number of conditionally allotted shares changed as a result of various personnel changes in Group units and the maturing of the 2006 SIP tranche, and it is presented in the following table as an aggregate:

SIP 2007 to 2009

Group of persons	Number of contingently allotted shares as of 31 December 2009	Minimum allotment of shares	Maximum allotment of shares
Member of the Managing Board of Raiffeisen International Bank-Holding AG	164,849	47,371	247,274
Members of the managing boards of bank subsidiaries affiliated with Raiffeisen International Bank-Holding AG	285,280	81,905	427,920
Executives of Raiffeisen International Bank-Holding AG and other affiliated companies	86,607	25,031	129,911

Severance rights of the Managing Board

In respect to cessation of duties or employment and departure from the company, it is generally the case that 2 members of the Managing Board have rights to severance benefits in accordance with the Austrian Salaried Employees Act, 2 members in accordance with contractual stipulations, and 2 members in accordance with the Austrian Company Pension Fund Act. The severance rights according to the Salaried Employees Act or to contractual stipulations generally lapse upon notice of termination by the employee except in the case of a Managing Board member. Furthermore, 4 Managing Board members have a contractual right to severance benefits at the end of their current term in office or at the end of their limited employment contract.

The contracts of Managing Board members are made for the duration of the terms in office or limited to at most 5 years.

If there is no important reason for the termination of these contracts then these are to be paid out in the event that a member of the Managing Board is dismissed.

Furthermore, no compensation agreements are to be made between the company and the members of its Managing or Supervisory Boards in the event of a public take-over bid.

Remuneration of the Supervisory Board

The Annual General Meeting resolved on 9 June 2009 to pay the Supervisory Board members total remuneration of € 305,000 and assigned to the Supervisory Board the task of distributing that amount. Fees for meeting attendance were not paid.

in €	2009
Supervisory Board Chairman	70,000
Deputy Supervisory Board Chairman	60,000
Member of the Supervisory Board[1]	50,000

[1] As a member of the Supervisory Board, Johann Strobl was paid remuneration of € 25,000 instead of € 50,000 because he was a member of the Supervisory Board for only half a year in 2008.

D & O insurance

Directors and officers (D & O) property damage and liability insurance was taken out again last year for the Managing Board and Supervisory Board with *UNIQA Sachversicherung AG*.

Annual General Meeting

The Annual General Meeting for 2008 was held on 9 June 2009 at the Austria Center in Vienna. The next Annual General Meeting for the past year is expected to take place on 8 June 2010. Its convening will be made known at the latest on the 28th day before the Regular Annual General Meeting in electronic form and in the *Amtsblatt zur Wiener Zeitung*.

As owners of the Company, the shareholders exercise their rights by voting at the Annual General Meeting. The voting proceeds according to the one-share-one-vote principle. Accordingly, there are no voting right restrictions, and all shareholders have entirely equal rights. Every unit share issued confers one vote, and no registered shares have been issued. The shareholders can exercise their voting right themselves or through proxies.

The opening comments and speeches by the Managing Board are broadcast live on the internet at www.ri.co.at → Investor Relations → Events → Annual General Meeting and may also be viewed there later. This creates the greatest possible transparency for all shareholders who were unable to attend the Annual General Meeting.

Conflicts of interest

The obligation to disclose all and any conflicts of interest applies to both the Managing Board and the Supervisory Board of Raiffeisen International.

Managing Board members must disclose material personal interests in transactions of the Company and Group enterprises and other conflicts of interest to the Supervisory Board. Moreover, the obligation exists to inform the other Managing Board members. Managing Board members who perform management functions for other enterprises are obligated to work towards achieving a fair balance of the interests of the enterprises involved.

Supervisory Board members must inform the Chairman of the Supervisory Board of any conflicts of interest without delay. If the Chairman himself gets into a conflict of interest, he must disclose that to the Deputy Chairman without delay. The Supervisory Board's approval is required for contracts between the Company and members of the Supervisory Board that obligate the members to performance in relation to the Company or a subsidiary (Section 228 (3)), apart from their activity in the Supervisory Board, for more than merely negligible compensation. That also applies to contracts with enterprises in which a Supervisory Board member has a considerable economic interest.

The Company did not enter into any such contracts in 2009.

Accounting and financial statement auditing

The Raiffeisen International Group's accounting is performed according to the provisions of the International Financial Reporting Standards (IFRS). The annual financial statements of Raiffeisen International are prepared according to the provisions of the Austrian Commercial Code. The consolidated financial statements are published within the first 3 months of the financial year following the reporting period, and interim reports at the latest 45 days after the end of the respective reporting period.

The Annual General Meeting appointed *KPMG Austria GmbH, Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, Vienna* as auditor for 2009. KPMG received compensation of € 30,750 for other services ordered by the Company. Further consulting services beyond the previous year's extent have not yet been agreed for the current year. KPMG has confirmed that it has a certificate from a quality assurance system. It has likewise been declared to Raiffeisen International that there are no grounds for exclusion or a charge of partiality. The auditor of the financial statements prepares the legally prescribed audit report and is responsible for performing the auditor's duty to report. The auditor writes a management letter to the Managing Board that also contains references to weaknesses in the Company. The letter is brought to the attention of the Chairman of the Supervisory Board, who ensures that it is dealt with in the Audit Committee and a report of that is made to the Supervisory Board.

Vienna, 26 February 2010

The Managing Board

Herbert Stepic	Martin Grüll	Aris Bogdaneris
Rainer Franz	Peter Lennkh	Heinz Wiedner

Corporate responsibility

Corporate responsibility in a difficult environment

Corporate responsibility, the commitment to social responsibility and environmental sustainability is an integral part of Raiffeisen International's corporate identity. In its implementation, this means a mindset and a management method that focus on harmonizing economic, social, and environmental demands. The goal at Raiffeisen International is therefore responsible corporate conduct that transcends individual measures.

The commitment to corporate responsibility is reflected in the modern Raiffeisen principles, which originated in the concept of "helping people to help themselves" developed by Friedrich Wilhelm Raiffeisen. These principles make Raiffeisen International a reliable partner for customers, investors, and employees, and demonstrate a dedication to responsibility especially in difficult economic times.

Raiffeisen principles

- **A future always needs a past.**
  This principle is dedicated to the origin, tradition, and history of Raiffeisen. Strategies and business activity derive directly from it.

- **We are here to stay.**
  This principle expresses Raiffeisen International's responsibility to the regions of Central and Eastern Europe and their people. This principle also attests to a long-term strategy aimed at sustainability.

- **The best become better with us.**
  The object here is the interplay between the commitment to performance of the employees and the social commitment of the employer.

- **Our clients' success defines our own success.**
  Economic success is Raiffeisen International's primary corporate goal and the basis for dealing responsibly with customers.

- **A strong cultural mix.**
  Raiffeisen International's commitment to diversity aims at a strong cultural mix. The development into a multicultural banking group with extensive presence in Central and Eastern Europe entails economic and social opportunities and advantages.

Sustainability program for 2009/2010

In 2009, Raiffeisen presented an overview of the Group's numerous social and environmental activities, particularly in Central and Eastern Europe, with its first corporate responsibility report (CR Report). At the same time, a comprehensive sustainability program was also developed. Examples of the Raiffeisen International Group's far-reaching corporate responsibility activities are presented in the report. A two-year reporting cycle is planned, so the next CR Report will appear in 2011. The current report is available online at www.ri.co.at → Company Info → Corporate Responsibility.

Organizational anchoring of corporate responsibility

The significance of sustainability for Raiffeisen International was reinforced in 2009 through further development of the strategic corporate responsibility organization. The supervision and decision-making authority for sustainability agendas are the responsibility of the Managing Board at Raiffeisen International.

In a further step, the Extended Corporate Responsibility Committee (CR Committee) was established, and its first meeting held in June 2009. The body is composed of notable representatives of the stakeholders, including owners, non-profit organizations, and a representative of the network banks. The CR Committee has the task of informing and providing consultation to the Managing Board about current socially relevant trends from the respective areas, and contributes to accentuating Raiffeisen International's corporate responsibility activities in Austria and in Central and Eastern Europe.

One of the first measures taken to implement the sustainability program was the creation of an office dedicated exclusively to the area of corporate responsibility.

Corporate responsibility within the framework of business activity

An important aspect of corporate sustainability is linking responsible conduct with the company's original business purpose. Raiffeisen International accomplishes that by ensuring that the highest standards are observed in the areas of compliance and corruption prevention as well as by assuming environmental responsibility in the financing of facilities for the use of renewable energy sources and capital investments to enhance energy efficiency. Raiffeisen International demonstrates social commitment directly related to core business through financial inclusion, financial education, and microfinance as described below.

Compliance and corruption prevention

In June 2009, Raiffeisen International published a revised version of its Code of Conduct which upholds the principles of the organization and which is dedicated chiefly to the topics of compliance and corruption prevention. This catalog of conduct rules is applied throughout the Group and comprises the following topics: workplace and employees, fight against bribery and corruption, treatment of customers and business partners, prevention of market abuse, accounting and finance, and sensitive business areas. To do justice to the importance of the subject, a comprehensive training and communication process has been set up at the Raiffeisen International Group with the technical assistance of the Basel Institute on Governance. In addition to keeping employees' knowledge up-to-date, this measure is designed to promote increased awareness of the need for smooth implementation.

Means of enhancing energy efficiency

The Raiffeisen Bank in Hungary finances the improvement of the local infrastructure's energy efficiency with support from the European Bank for Reconstruction and Development (EBRD). With a credit line in the amount of € 25 million, funds are made available for modernization with a view to energy efficiency, achieved for example by renewing heat and energy distribution systems or building insulation. The capital investments made possible by the credit line will result in savings of up to 150 gigawatt-hours annually. That is equivalent to the consumption of Györ, the sixth-largest city in Hungary with a population of 128,000.

Financing renewable energy sources

In the area of renewable energy, Raiffeisen-Leasing International put the corporate responsibility concept into practice with projects in the segments of wind and solar energy. After a focus mainly on setting up wind farms in 2008, photovoltaic plants gained in importance in 2009. Currently, for example, several photovoltaic projects are being developed in the Czech Republic and in Slovakia. Renewable energy sources will also be an important strategic theme for Raiffeisen International in the years ahead.

Financial inclusion

The Raiffeisen Bank in Albania created a custom-tailored credit product for teachers who would not pass a standardized credit check due to the very low salary levels in the public service sector. Recognizing support of the educational system as part of its social responsibility, the Albanian Raiffeisen Bank grants teachers loans at special conditions and extended terms in the framework of financial inclusion.

Financial education

Tatra banka in Slovakia is working together with INTEGRA, a non-profit organization, to improve the population's knowledge about how to deal with money and bank products. In particular, population groups threatened by poverty are to receive support in managing their household income better and avoiding ill-considered credit commitments.

Microfinance

The Bulgarian Raiffeisenbank and RZB support *Landhill Financial Ltd.*, whose business purpose is granting microloans to the Roma people. With group loans in amounts of up to € 300 per group member, funds are made available to start up micro and small businesses. Beginning in the second quarter of 2009, the effects of the economic crisis also became visible in the Bulgarian microcredit segment in respect to both raising funds and repaying existing loans. The emphasis from that time onward has therefore been on repayment of outstanding loans in a socially responsible manner. Solutions have been sought jointly with borrowers, such as deferral or lengthening of terms. At the end of 2009, 10 groups with a total of 55 borrowers were being serviced in Sofia and the surrounding area.

Raiffeisen International's social involvement

As a responsible company, Raiffeisen International is also actively involved in areas that are not directly connected with its original business purpose.

Therapy center for handicapped persons

A pertinent project is under way in Bosnia and Herzegovina. Under the name "Koraci Nade" (Steps of Hope), construction of a day therapy center made accessible for the handicapped in Tuzla, began in November 2009. This medical center will serve about 150 young persons with motor and mental handicaps, learning and speech disorders, and sensory disorders. The "Koraci Nade" project is being assisted by experts from the local Raiffeisen Bank, and at the same time, RZB will have made a financial contribution of € 450,000 by the time of planned completion of the building in the first half of 2010.

H. Stepic CEE Charity – opportunity for a better life!

The *H. Stepic CEE Charity – Association to support charity projects in Central and Eastern Europe* was founded in 2006 by Herbert Stepic, CEO of Raiffeisen International. The goal of the initiative is to support children, teenagers, and young women in disadvantaged regions of Central and Eastern Europe. Seven projects were realized by the end of 2009 in Serbia, Bulgaria, Ukraine, and Bosnia and Herzegovina.

One of the charity's many initiatives is an orphanage in Charkov, the second largest city in Ukraine. It accommodates 10 children from the age of 3 to 18, as well as 2 carers. Alongside running its own elementary school, the orphanage also has – in cooperation with Caritas and the local social support services – facilities for a carpenter's workshop which provides young people with an opportunity to have vocational training. Cooking and tailoring courses are also offered. As a result, the general circumstances of the children who would otherwise have to live in poorly equipped, state-run orphanages, has been greatly improved.

H.STEPIC CEE CHARITY
ASSOCIATION TO SUPPORT CHARITY PROJECTS IN CENTRAL AND EASTERN EUROPE

Corporate volunteering

In the framework of corporate volunteering, Raiffeisen International also supports the volunteer activities of its employees. The Raiffeisenbank in the Czech Republic, for example, organizes "volunteer days" for employees to engage in charitable projects. In 2009, more than 700 hours of volunteer work was done in this way.

In December 2009, Raiffeisen International employees at the head office in Vienna organized a Christmas action for needy children for the second time. They collected used but working toys and packaged them as a "surprise in a box." These gifts were distributed to children and teenagers at Christmas through the Caritas center for asylum seekers. A similar action has been conducted in the Hungarian Raiffeisen Bank for several years with great success.

Dealing responsibly with employees

Raiffeisen International strives to deal fairly with its employees in times of economic crisis as well. A key aspect in that regard is an extensive range of training and continuing education opportunities for the entire staff. In the period under review, that contributed to arranging personnel adjustments resulting from the economic crisis in the most socially responsible manner possible. Details regarding this may be found in the human resources chapter beginning on page 69.

Group management report

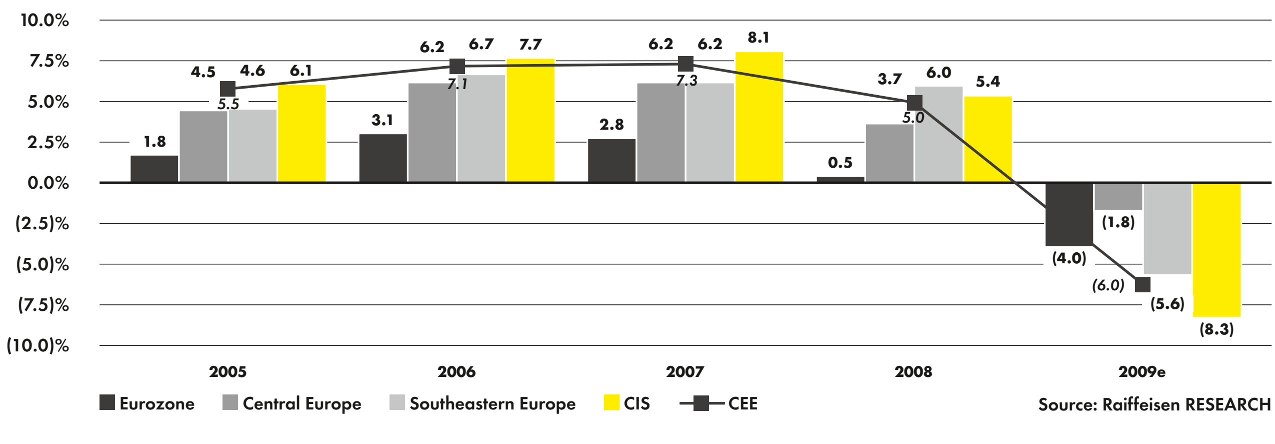
General economic environment

Worst recession since 1945

The world economy was hit in 2009 by the most severe recession since 1945. The starting point was the collapse of US investment bank *Lehman Brothers* in September 2008 and the resulting disruptions on global financial markets. World trade and industry were also hugely affected by the crisis in 2009. The euro area's real gross domestic product (GDP) dropped sharply in the first quarter of 2009 by 2.4 per cent on the previous quarter, and by 5 per cent on the same period of the previous year. The decrease for 2009 as a whole was 4 per cent year-on-year. After GDP declines over three consecutive quarters, however, the euro area overcame the recession in the third quarter of 2009 with real GDP growth of 0.4 per cent in quarterly comparison. Extensive government programs to stimulate the economy and expansive monetary policy from the European Central Bank (ECB) contributed decisively to that.

Because of their close economic and financial ties to Western Europe, the countries of Central and Eastern Europe (CEE) were also affected by the global economic crisis in 2009. Besides being heavily oriented to exporting to the European market, the CEE economies are especially dependent on capital flows from Western Europe. This concerns both foreign direct investments and the financing flows of the local financial sector. Since domestic savings are not sufficient as economic capital stock for these countries, they mostly depend on importing foreign capital. This

Annual real GDP development



Source: Raiffeisen RESEARCH

was greatly curtailed, however, by the global financial crisis, which put an additional burden on the national economies. Countries whose current account deficits had sharply increased in the economic boom years were especially affected.

Among the new EU member states of Central Europe (Czech Republic, Hungary, Poland, Slovakia, and Slovenia), Poland stands out especially. It is Europe's only relatively large economy that achieved growth in 2009. The reasons for that are a relatively large share of domestic output and a robust financial sector that has hardly been impaired by the global crisis. In contrast, the Czech Republic and Slovakia, whose economies are strongly geared to export, and the automotive industry in particular, were affected significantly more on an annual basis. The cash-for-clunkers programs launched in many Western European countries to bolster the automotive industry also proved helpful, however, for automobile exports from Central and Eastern Europe. This put the Czech Republic and Slovakia among the EU economies that showed the strongest growth in the third quarter of 2009 by quarterly comparison. On the other hand, the Hungarian economy suffered a decline in the same period for the fourth consecutive quarter. Because of necessary budget consolidation, Hungary has hardly any maneuvering room left for fiscal policy measures. Altogether, the economic output of the new EU member states of Central Europe decreased in 2009 by 1.8 per cent year-on-year.

The rapid economic catch-up process in the transition countries in Southeastern European (Albania, Bosnia and Herzegovina, Bulgaria, Croatia, Romania, and Serbia) led to rising and in some cases very high current account deficits in past years. Before the outbreak of the crisis, financing of those deficits was ensured both by foreign direct investments and by the financing flows of the flourishing financial sector. Because of the crisis, however, financing flows decreased considerably, with the result that current account deficits also had to be reduced rapidly. Some countries, e.g., Romania, Serbia, and Bosnia and Herzegovina, were only able to do that with financial assistance from the International Monetary Fund (IMF). The adjustments in the Southeastern European economies needed to substantially reduce current account deficits caused a sharp decline of GDP growth in 2009 by about 5.6 per cent year-on-year.

The Commonwealth of Independent States (CIS), which had achieved the strongest economic growth of Raiffeisen International markets in past years, was hit hardest among all Central and Eastern European regions by the global economic crisis. In Ukraine, the continuing political crisis hindered not only reform efforts, but also effective measures to combat the economic crisis. That led to a huge loss of the population's confidence in the local currency. Its devaluation as well as a sharp decline of demand for steel, which subsequently affected its world-market price, caused Ukraine's economic output to drop in 2009 by around 15 per cent year-on-year. Despite a comparatively favorable starting position, the Russian economy was also unable to escape the effects of the global economic crisis. The sharp decline of commodity prices and a crisis of the domestic financial sector due to excessive speculation on the stock market are likely to have resulted in a contraction of the country's economic output by 7.9 per cent in 2009. Altogether, the GDP of the CIS probably declined by 8.3 per cent on average in 2009.

Assistance from IMF and EU stabilizes financial markets in Central and Eastern Europe

After the outbreak of the global financial crisis, Ukraine and Hungary were the first CEE countries to receive financial assistance from the IMF in November 2008, followed by Latvia in December 2008 and other CEE countries in the first half of 2009. The EU made additional funds available for the member states that required IMF money (Hungary, Latvia, and Romania). Both the rapid and pragmatic support by the IMF and the willingness of the EU to support member states in financial distress had a calming effect on the financial markets.

At the summit meeting of the 20 most important industrialized and emerging market countries (G-20) in the beginning of April 2009, it was decided that the IMF's financial assistance would be tripled to USD 750 billion. The EU also raised the amount of funds it can make available to its member states in an emergency to € 50 billion. Moreover, the World Bank, together with the European Bank for Reconstruction and Development (EBRD) and the European Investment Bank (EIB), assembled a € 24.5 billion package to strengthen the financial industry in the CEE region and lending to the private sector.

The measures adopted at the G-20 summit strengthened the confidence of financial market participants that all CEE countries will meet their payment obligations in the foreseeable future. The meeting thus marked the turning point in the development of risk premiums and CEE currencies. The latter have stabilized since then, and some have even recovered. In the fourth quarter of 2009, risk premiums almost returned to the same levels they were at before the collapse of Lehman Brothers in September 2008.

Banking sector development in Central and Eastern Europe

After credit growth in Central and Eastern Europe already slowed greatly in the second half of 2008, it came to a nearly complete standstill in the first half of 2009. A massive rise in the cost and decline in the supply of external financing, tightened conditions for bank loans, and lower demand for credit were responsible for that. In addition to the economic recession, the devaluation of some CEE currencies due to the global economic crisis accelerated the increase of non-performing loans. The situation in the banking sector stabilized in the second half of 2009, but remained generally tense. The reasons for that were a further rise of unemployment rates due to the recession on the one hand, and uncertainty about the extent, speed, and sustainability of the general economic recovery on the other.

The robust Polish market and favorable loan/deposit ratios in the Czech Republic and Slovakia had a positive effect on the new EU member states. Lending volume in Hungary declined in 2009. Slovenia and Slovakia already benefited from their status as members of the euro zone, which grants them direct access to ECB funding lines. In the transition countries in Southeastern Europe, lending volume is likely to have remained stable in 2009. One reason for that is a commitment from international banks not to reduce their lending volume in some countries, in which the IMF has extended financial assistance. On the other hand, lending volume is likely to have decreased slightly in the CIS.

Performance and financials

Introduction

The consolidated financial statements of Raiffeisen International are prepared in accordance with the International Financial Reporting Standards (IFRS), as applicable in the EU. *Raiffeisen International Bank-Holding AG* also prepares individual financial statements conforming to the Austrian Commercial Code (UGB), which provide the formal basis of assessment for calculating dividend payments and taxes. For more information on the disclosures required by the UGB, please see the relevant sections of this report and the notes.

The majority of Raiffeisen International is held by *Raiffeisen Zentralbank Österreich Aktiengesellschaft* (RZB), which makes it part of the RZB Group. The stake held by RZB amounted to 72.8 per cent at the end of the year; the rest of the shares were free float.

As of 31 December 2009, Raiffeisen International's scope of consolidation comprised 135 Group units, including network banks and leasing companies in 17 markets and a number of financial companies and bank-related service providers. For more information on changes in the scope of consolidation, please see the relevant section of the notes from page 218 onwards. Neither in the year under review nor in the preceding year were there any material additions or disposals in the scope of consolidation that impair the comparability of the two periods.

The effects of the global economic situation heavily shaped Raiffeisen International's development in 2009. That found expression, in particular, in an appreciable decline of business volume and significantly increased provisioning for impairment losses.

Profit from operating activities down 9 per cent on preceding year's level

Despite the sharp economic downturn in most CEE countries, Raiffeisen International's operating income declined in 2009 by only 9 per cent, or € 191 million, to € 2,056 million compared with the preceding year's level.

Net fee and commission income fell due to volume effects by 18 per cent on the preceding year, and net interest income by 9 per cent. General administrative expenses decreased by 14 per cent compared with the preceding year thanks to immediately implemented cost-saving measures.

Profit from operating activities on an annual basis

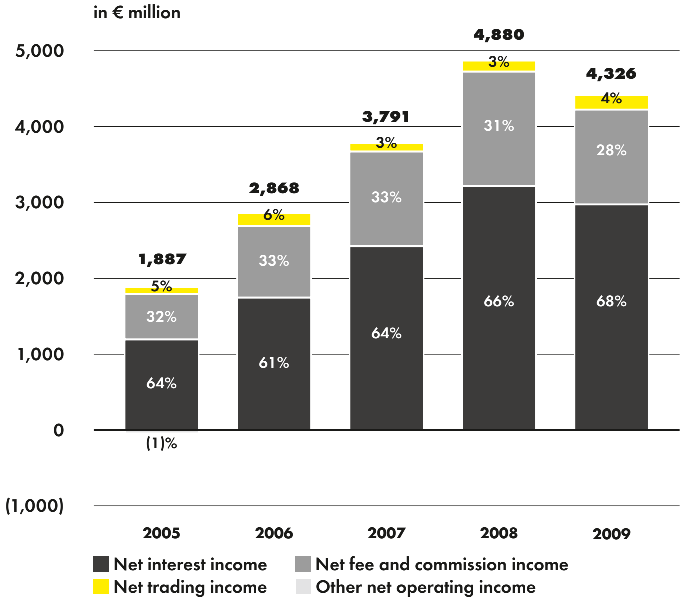
in € million	2009	Change	2008	2007
Net interest income	2,937	(9.1)%	3,232	2,419
Net fee and commission income	1,223	(18.3)%	1,496	1,250
Net trading income	186	11.2%	168	128
Other net operating income	(20)	28.2%	(16)	(5)
Operating income	**4,326**	**(11.4)%**	**4,880**	**3,791**
Staff costs	(1,054)	(17.4)%	(1,276)	(1,085)
Other administrative expenses	(970)	(12.9)%	(1,113)	(877)
Depreciation on intangible and tangible fixed assets	(246)	0.8%	(244)	(223)
General administrative expenses	**(2,270)**	**(13.8)%**	**(2,633)**	**(2,184)**
Profit from operating activities	**2,056**	**(8.5)%**	**2,247**	**1,607**

Operating income down 11 per cent mainly due to volume effects

Demand for credit and bank services declined significantly due to the sharp decline in growth triggered by the financial crisis. That was also partly due to a change in risk policy that mainly concerned foreign currency loans. Consequently, net interest income decreased by 9 per cent on the preceding year to € 2,937 million. In particular, declines were registered by the corporate customer division (minus 14 per cent), the retail customer division (minus 9 per cent), and the treasury division (minus 58 per cent), while positive effects came from the participations and other division because of computational results from the investment of equity. At the segment level, Russia (minus 15 per cent) and CIS Other (minus 8 per cent) bore particular responsibility for the decline. In comparison, the other segments showed smaller reductions. The Group's interest margin overall fell significantly year-on-year, by 26 basis points to 3.73 per cent. That decline was caused by Russia (minus 67 basis points), by Central Europe (minus 24 basis points), and by Southeastern Europe (minus 26 basis points). Nevertheless, at 68 per cent, the share of operating income attributable to net interest income was 2 percentage points above the previous year's level.

Development of operating income

in € million



The sharpest decline was registered by net fee and commission income, which fell by 18 per cent, or € 273 million, to € 1,223 million. Accordingly, its share of operating income declined by 3 percentage points to 28 per cent. In particular, the decline strongly affected the CIS Other segment (minus 25 per cent) and the Central Europe segment (minus 23 per cent), where income from banking services fell due to volume effects caused by the economic situation. That mainly concerned foreign currency and precious metals business, where income declined by 34 per cent due to the smaller extent of foreign currency loans and foreign payment transfers. An earnings reduction by 16 per cent was also registered in the payment transfer business, which is a main component of fee and commission income with a share of 44 per cent.

On the other hand, net trading income increased significantly, by 11 per cent, or € 19 million, to € 186 million. Its share of operating income thus rose to 4 per cent. The individual income components developed very differently and contrary to the preceding year. The result from interest-based transactions increased by € 205 million to € 117 million. That was due to write-ups in the securities portfolio, after valuation losses had occurred there in the preceding year as a result of strong interest rate movements triggered by the global financial market crisis. In contrast, profit from currency-based transactions declined by € 187 million. That was almost solely attributable to currency forwards in Russia, which arose because of changed interest rate and exchange rate differences between the Russian rouble and the US dollar. Valuation gains occurred in the preceding year for the same reason.

General administrative expenses reduced by 14 per cent

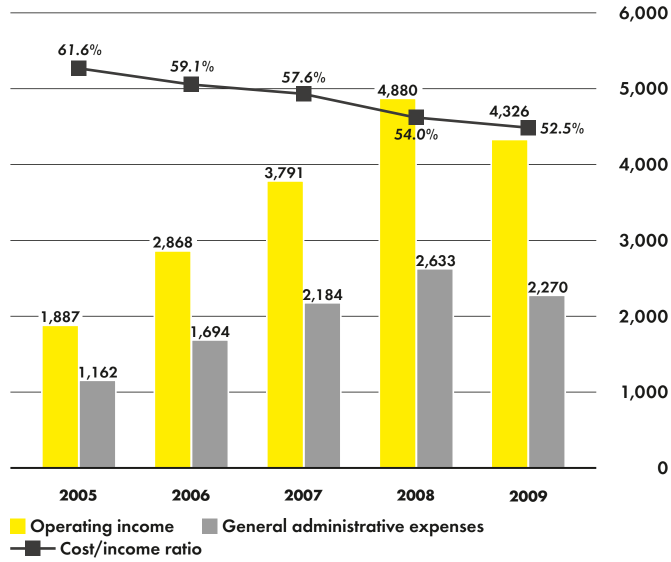
With the onset of the economic crisis in the CEE region, cost-cutting programs were immediately started. General administrative expenses fell for that reason, but also because of currency effects in the reporting year, by 14 per cent, or € 363 million, to € 2,270 million. Staff costs were reduced the most, by 17 per cent to € 1,054 million, and their share of total operating expenses declined by 2 percentage points. The average number of employees decreased by 2 per cent, or 1,268, to 60,186, mainly due to reductions in the CIS Other segment (minus 7 per cent) and Russia (minus 3 per cent). Other administrative expenses were also down, by 13 per cent to € 970 million. Cuts were made in this regard especially in advertising, PR, and promotional expenses (minus 40 per cent) and in internal costs such as traveling expenses and office supplies, while the cost of premises, the largest item with a share of 32 per cent, decreased by 2 per cent.

Cost/income ratio improved again by 1.5 percentage points

The decline of general administrative expenses by 14 per cent in the reporting period was greater than that of operating income by 11 per cent. That resulted in another improvement in the cost/income ratio, a key measure of bank efficiency representing the ratio of operating expenses to operating income, by 1.5 percentage points from 54.0 to 52.5 per cent.

Development of the cost/income ratio

in € million



Positive result despite much higher provisioning for impairment losses

Due to the recession, which caused an increase of non-performing loans for both retail and corporate customers, net allocations to provisioning for impairment losses rose by 123 per cent, or € 958 million, to € 1,738 million. That reduced profit before tax by 74 per cent, or € 1,061 million, to € 368 million.

Focus on provisioning in Ukraine, Russia, and Hungary

The considerable worsening of many borrowers' creditworthiness and financial strength necessitated a significant increase of net allocations to provisioning for impairment losses to € 1,738 million in 2009. While net allocation to individual provisions climbed by 212 per cent due to the increase of non-performing loans, portfolio-related provisions decreased by 33 per cent due to volume effects. Consequently, the risk/earnings ratio rose significantly, from 24.1 per cent to 59.2 per cent.

In 2009, as in the preceding year, net allocations to provisioning for impairment losses were higher in the case of retail customers

Development of consolidated earnings on an annual basis

in € million	2009	Change	2008	2007
Profit from operating activities	**2,056**	**(8.5)%**	**2,247**	**1,607**
Provisioning for impairment losses	(1,738)	122.7%	(780)	(357)
Other profit/loss	50	(231.7)%	(38)	(13)
Profit before tax	**368**	**(74.3)%**	**1,429**	**1,238**
Income taxes	(81)	(77.1)%	(351)	(264)
Profit after tax	**287**	**(73.4)%**	**1,078**	**973**
Minority interests in profit	(75)	(22.2)%	(96)	(132)
Consolidated profit	**212**	**(78.4)%**	**982**	**841**

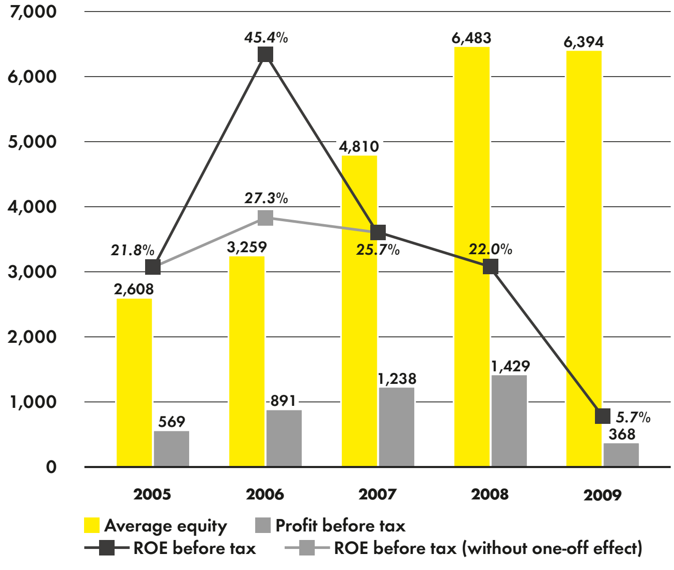
(€ 1,010 million) than in the case of corporate customers (€ 727 million). However, the risk/earnings ratio (which is the ratio of provisioning for impairment losses to net interest income) was significantly higher in the corporate customer division (75.9 per cent) than in the retail customer division (60.5 per cent). From a segment perspective, the focus of net allocations to provisioning for impairment losses was in the CIS Other segment, with a share of 30 per cent, or € 514 million (plus 184 per cent). It thus showed a risk/earnings ratio of 105.3 per cent. In the other regions, the risk/earnings ratio was between 46 per cent and 50 per cent. In Southeastern Europe, net allocations likewise grew above average, by 160 per cent to € 414 million. Central Europe and Russia each showed an increase of 84 per cent, with provisioning needs of € 487 million and € 322 million, respectively.

Tax rate down to 21.9 per cent

The decline of income taxes in 2009 by 77 per cent to € 81 million was proportional to that of profit before tax. The effective tax rate fell from 24.6 to 21.9 per cent. That was due to differences in the distribution of profits and in local tax laws. The effective tax rate was highest in Central Europe at 21.8 per cent, and the lowest rate was registered in Southeastern Europe at 13.3 per cent

Development of profit and return on equity

in € million



Consolidated profit at € 212 million

Profit after tax fell by 73 per cent in the reporting year to € 287 million (2008: € 1,078 million). This decline was largely due to an increase of net allocations to provisioning for impairment losses (plus € 958 million) and a 9 per cent lower profit from operating activities (minus € 191 million). Other profit/loss improved to € 50 million (2008: minus € 38 million). That was primarily due to the appreciation of the securities portfolio at fair value through profit and loss (increase of € 67 million) and of derivative financial instruments (increase of € 28 million).

In contrast to profit after tax, minority interests in profit declined by only 22 per cent to € 75 million. That was due to the different distribution of earnings changes within the Group. Substantial earnings contributions were achieved specifically at Group units with significant minority interests such as those in Slovakia, the Czech Republic, and Croatia. After deducting minority interests, consolidated profit allocable to Raiffeisen International came to € 212 million and was thus lower than the preceding year's level by 78 per cent, or € 770 million.

Earnings per share of € 0.99

Earnings per share before servicing of participation rights capital fell from € 5.40 to € 1.38. After deduction of compensation for participation rights capital amounting to € 60 million, profit allocable to shares decreased to € 152 million, and earnings per share (EPS) to € 0.99. The average number of outstanding shares relevant for calculating earnings per share was 153.7 million in 2009 (2008: 153.6 million). The Managing Board will propose to the Annual General Meeting 2010 that a dividend of € 0.20 per share be paid for 2009.

ROE before tax at 5.7 per cent

The return on equity (ROE) before tax declined in the reporting year from 22.0 per cent to 5.7 per cent, primarily due to the increased net allocation to provisioning for impairment losses. At € 6,394 million, average equity used in the calculation of this figure remained nearly unchanged on the preceding year. In the calculation of equity, deductions due to dividend payments for 2008 and negative currency developments were set against an increase due to issued participation rights. The consolidated ROE, which is based on the capital allocable to Raiffeisen International shareholders, fell by 13.5 percentage points to 3.9 per cent because of the earnings decline.

Equity reaches € 7 billion

Raiffeisen International's equity including minority interests rose in the past financial year by 7 per cent, or € 482 million, and stood at € 7 billion as of the balance sheet date.

Comprehensive income increased equity by € 37 million. That already included profit after tax of € 287 million. Other profit/loss, i.e., earnings components directly contained in equity, amounted to minus € 250 million. Those mainly comprised currency differences (minus € 266 million) caused by devaluation of local currencies in the CEE region and corresponding hedging measures. The devaluation of the Russian rouble (minus 5 per cent), the Belarusian rouble (minus 33 per cent), and the Ukrainian hryvnia (minus 5 per cent) had the greatest impact.

In August 2009, Raiffeisen International increased its capital by € 600 million by issuing participation rights in accordance with Section 174 of the Austrian Stock Corporation Act.

Equity was decreased in the reporting period by € 200 million due to dividend payments. Of that, € 143 million went to Raiffeisen International shareholders, corresponding to an unchanged dividend relative to the preceding year of € 0.93 per share, and € 57 million went to outside shareholders of Group companies.

Regulatory own funds rose by 19 per cent on the preceding year to € 8,328 million. Besides the described changes in equity, an additional € 650 million flowed into the company in September 2009 as a result of the issuance of hybrid capital, which had a positive effect on core capital (Tier 1). This issue, like the participation rights, was entirely subscribed by RZB. The core capital ratio based on total risk increased significantly as a result, by 2.9 percentage points to 11.0 per cent, and the own funds ratio grew somewhat more strongly, by 3.3 percentage points to 13.0 per cent.

Balance sheet total amounts to € 76 billion

For the first time after many years of growth, Raiffeisen International Group's balance sheet total declined in the year under review. It fell year-on-year from € 85.4 billion to € 76.3 billion, which means a reduction of 11 per cent, or € 9.1 billion. That includes currency effects of about € 1.4 billion, resulting from devaluation of some CEE currencies and the US dollar. Adjusting for currency effects yielded an organic decline of about 9 per cent, or € 7.7 billion.

Lending business was the main reason for that. Including the increase in provisions for impairment losses, loans and advances to customers fell by 16 per cent, or € 8.8 billion. About half of that reduction occurred in business with large corporates, while loans to private individuals only contributed about one fifth. At the segment level, the largest declines were registered in Russia at more than 30 per cent and in the CIS Other segment at 18 per cent.

On the liability side, the funding base consequently decreased in respect to deposits from banks by 23 per cent to € 20,110 million. Thanks to increased acquisition efforts, deposits from customers fell by only 4 per cent to € 42,578 million.

Detailed review of items in the income statement

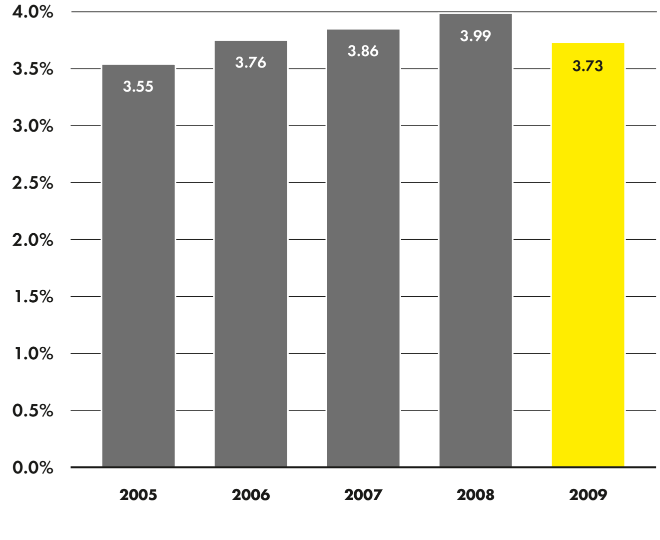
Since no significant changes in the scope of consolidation occurred in 2009, the reported figures were comparable with those of the preceding year. However, the items of the income statement were influenced more strongly than in the previous years by the fluctuations of some CEE currencies.

Net interest income

Net interest income decreased by 9 per cent, or € 296 million, in the reporting year to € 2,937 million. Its fall was thus greater than that of the average balance sheet total, which declined by 3 per cent. Besides currency effects and lower business volume, higher funding costs were particularly responsible for that. For reasons of liquidity management, use was made in some cases of longer-term, and hence more expensive, funding instruments. Viewed in absolute terms, net interest income was down the most in Russia (minus € 115 million) and in Ukraine (minus € 58 million). The Czech Republic occupies a special position with an increase of € 34 million, as both lending volume and margins increased there contrary to the trend.

The decline of net interest income is explained not only by falling business volume, but also by a narrowing of the interest margin by 26 basis points to 3.73 per cent (based on the average balance sheet total). That affected all Group segments, but particularly Russia, with a minus of 67 basis points. The interest margin also fell significantly in Central Europe and Southeastern Europe, by 24 basis points and 26 basis points, respectively.

Development of the interest margin



Net interest income in the retail customer division decreased primarily due to volume effects by 10 per cent to € 1,669 million. Its share of total net interest income remained constant at 57 per cent, while that of the corporate customer division fell slightly to 33 per cent. However, the greatest decline of net interest income was in the treasury division (minus 58 per cent), which had lower net interest income in the area of maturity transformation and on securities investments. On the other hand, income from the investment of equity, booked in the participations and other division, more than doubled because of the different interest rate levels between the euro and CEE currencies.

Interest income declined by 10 per cent to € 5,589 million. More than 80 per cent of that derived from the most important item on the statement of financial position, loans and advances to customers, from which income decreased by 8 per cent for the reasons described above. Significant declines were registered by interest income from loans and advances to banks (minus 60 per cent) due to the general reduction of the interest rate level and from credit balances with central banks (minus 47 per cent) due to volume effects. On the other hand, the net contribution of interest income from derivatives stood at a € 168 million and hence 21 per cent above the preceding year's level.

Interest expenses amounted to € 2,655 million and thus also fell by 10 per cent. Although the total amount of customer deposits decreased by 4 per cent, interest expenses increased by just under 1 per cent. The reason for that was stiff competition for customer deposits in many markets and associated higher expenses. Lower interest expenses by 25 per cent were shown for deposits from banks, which is in line with the volume reduction. Interest expenses for subordinated liabilities, needed mainly because of local supervisory regulations, came to € 88 million (minus 6 per cent).

Provisioning for impairment losses

Net allocations to provisioning for impairment losses in the reporting year totaled € 1,738 million and thus registered an increase of € 958 million, or 123 per cent. That includes income from the sale of loans amounting to € 13 million. Less that income, individual provisions accounted for € 1,565 million, and portfolio-based provisions for € 186 million. A look at the development over the year reveals a slight flattening of momentum in net allocations after the second quarter of 2009, when the largest net allocations were made.

The net provisioning ratio, which is the ratio of net allocations to average risk-weighted assets (credit risk), increased by 1.88 percentage points to 3.19 per cent. The loss rate, which is the ratio of written-off loans to total lendings, rose from 0.11 per cent to 0.30 per cent.

The unfavorable economic environment was also discernible in the risk/earnings ratio, which is the ratio of provisioning for impairment losses to net interest income. This ratio rose from 24.1 per cent to 59.2 per cent.

The largest net allocations to individual provisions were made in the CIS Other segment. They amounted to € 490 million, of which the Ukrainian network bank alone accounted for € 456 million. Half of individual provisions in the region were due to private individuals, and half to corporate customers. Central Europe registered a net allocation of € 384 million in the reporting year, with the largest amount in Hungary at € 177 million. A further € 76 million was newly added to provisioning in Poland, € 69 million in Slovakia, and € 55 million in the Czech Republic. In Southeastern Europe, provisions were formed for individual loans in the amount of € 352 million, with the emphasis there on Romania (€ 153 million), Bulgaria (€ 74 million), and Croatia (€ 62 million). In Russia, provisioning for impairment losses amounted to € 339 million. Corporate customers accounted for two thirds of net allocations at the Russian network bank, and private individuals for the rest.

New portfolio-based provisions were formed in the amount of € 186 million in the year under review. The largest net allocations were registered in Central Europe at € 106 million and in Southeastern Europe at € 62 million.

Set against non-performing loans for non-banks, which rose by 150 per cent in the reporting year to € 4,442 million, was increased provisioning for impairment losses of € 3,080 million. Consequently, the ratio of provisioning for impairment losses to non-performing loans declined significantly. While it still stood at 92.2 per cent (excluding collateral) in 2008, it fell to 69.3 per cent in 2009.

Net fee and commission income

Net fee and commission income decreased by 18 per cent, or € 273 million, in 2009 to € 1,223 million. The result from payment transfer business made the largest contribution to that, at 44 per cent, or € 543 million. However, that was below the preceding year's level by 16 per cent, or € 100 million, due to lower transaction volumes. The CIS Other segment contributed the most to that reduction, with a minus of € 47 million, due to devaluation of the Ukrainian hryvnia and a decrease of payment transfer transactions.

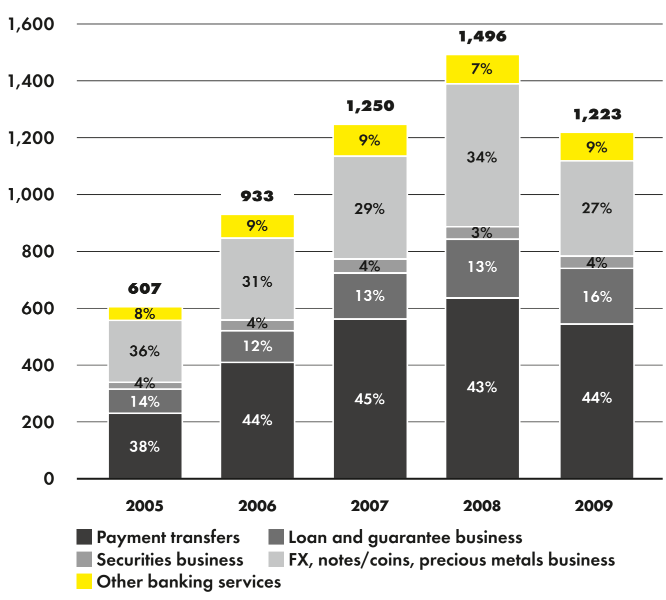
The result from foreign currency and precious metals business amounted to € 333 million in 2009 and was thus € 172 million, or 34 per cent, below the preceding year's level. The Central Europe segment registered the largest decline at € 117 million. The main factors involved were the launch of the euro in Slovakia, a reduction of new business in foreign currency loans in Hungary, and lower foreign exchange transaction volumes in Poland. With a share of 27 per cent, the foreign currency and precious metals business made the second-largest contribution to net fee and commission income.

Amounting to € 200 million, the result from loan administration and guarantee business remained at the preceding year's level, with development varying among the individual countries. In the Russia segment, for example, the result achieved from loan administration and guarantee business was better than in the preceding year thanks to higher margins.

The result from agency services for own and third party products rose by € 15 million and thus contributed € 46 million to net fee and commission income. One reason for that was that in Central Europe, and particularly in Hungary, greater use was made of own branches instead of external distribution partners, which led to a decline of fee and commission expenses.

Development of net fee and commission income

in € million



Lower revenues from securities business due to the market situation led to a decline of income by 6 per cent to € 43 million. At € 7 million, the largest decline was registered in the Central Europe segment, and mainly in Hungary.

The result from managing investment and pension funds fell by almost one third from € 38 million in the preceding year to € 26 million due to the crisis-driven decline of demand. Management fees dependent on fund volume shrank due to devaluation of portfolios in 2008. That mainly affected the fund companies in Slovakia and Croatia.

Net trading income

Net trading income improved by 11 per cent, or € 19 million, to € 186 million thanks to positive valuation results. It includes both realized and unrealized gains and losses of all positions in the trading portfolio, refinancing costs for the assets in the trading portfolio, and the valuation results of all foreign currency positions.

From a segment perspective, the largest contributions to net trading income were € 89 million from Central Europe, including especially Hungary and Poland, and € 88 million from Southeastern Europe, particularly Romania and Croatia. Net trading income of € 17 million was achieved in the CIS Other segment. On the other hand, the Russia segment registered a net trading loss of € 13 million.

The results from interest-based and currency-based activities developed in opposite directions in the reporting period. While the result from interest-based transactions turned from minus € 88 million to € 117 million, the result from currency-based transactions fell from € 258 million to € 71 million. The result from equity and index-based business remained at the preceding year's level of minus € 1 million.

Interest-based transactions contributed € 117 million and hence the largest amount to net trading income. The reason for this is that valuation losses of € 93 million which occurred in the preceding year due to interest rate fluctuations were partly made up in 2009 (plus € 76 million). The Russia segment registered a result from interest-based transactions of € 59 million, followed by € 34 million from Southeastern Europe and € 33 million from Central Europe.

The result from currency-based transactions fell by € 187 million to € 71 million. The main reason for that decline was the Group unit in Russia, which booked valuation losses from currency forwards used for hedging purposes due to changes in interest rate and exchange rate differences between the Russian rouble and the US dollar. In the preceding year, valuation gains had been made on these transactions.

Net income from derivatives

Net income from derivatives improved in the year under review from minus € 20 million in 2008 to € 8 million. It consisted of an effect on income from hedge accounting (€ 2 million), the result from other derivatives (€ 9 million), and the result from credit derivatives (minus € 3 million). Because of a volume reduction and lower margins on credit default swaps, the result from credit derivatives declined by € 6 million to minus € 3 million. The result from hedge accounting and from other derivatives grew by € 34 million, since improvement of the interest rate situation led to a recovery of market values.

Net income from financial investments

While net income from financial investments was characterized by valuation losses in 2008, valuation gains were achieved in the reporting year thanks to a rally on the capital markets.

Net income from securities at fair value through profit and loss, which consists of net valuations and net proceeds from sales, amounted to € 39 million, after minus € 47 million in the preceding year. Valuation gains, resulting predominantly from appreciation of fixed-rate securities, accounted for € 23 million of that. In some Group units, fixed-rate and variable-rate securities were sold and yielded a profit of € 17 million. The majority of that came from the Hungarian network bank, and the rest primarily from Romania and Ukraine.

Net income from equity participations declined from € 21 million in the preceding year to € 3 million. Various relatively small participations in the leasing and fund management areas were written down by € 5 million in 2009 (2008: minus € 3 million). The net proceeds from the sale of equity participations, especially from leasing, resulted in a profit of € 9 million (2008: € 24 million).

Net income from securities held to maturity amounted to minus € 2 million, which resulted from a write-down of exposure to a non-performing issuer.

General administrative expenses

General administrative expenses fell significantly in the reporting year, by 14 per cent, or € 363 million, to € 2,270 million. The main reasons for that were strict cost management in the Group and currency devaluation in the CEE countries.

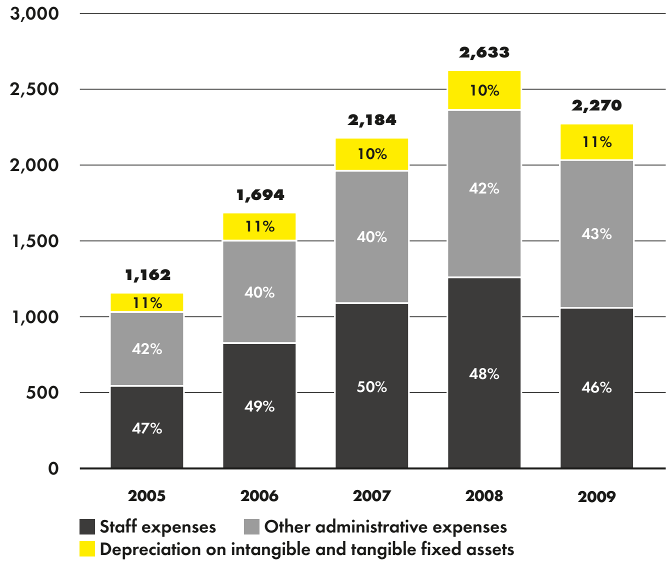
As a result of this sharp reduction, which was noticeably larger than the decline of operating income by 11 per cent, the cost/income ratio improved by 1.5 percentage points to 52.5 per cent (2008: 54.0 per cent). Ukraine, Russia, and Poland registered the largest declines in general administrative expenses.

Staff reduced by 11 per cent

Staff costs were again the largest item among general administrative expenses in 2009, accounting for 46 per cent. However, they fell by 17 per cent, or € 222 million, on the preceding year

General administrative expenses: breakdown by expense categories

in € million



to € 1,054 million. The effects of cost-cutting measures such as personnel reduction and not filling vacant positions as well as bonus cuts, began to appear.

Viewed by segments, staff costs decreased the most in the CIS Other segment (minus 30 per cent), which was due both to personnel reduction and to devaluation of the local currencies. In Russia, the reduction of staff costs amounted to 25 per cent, to which devaluation of the local currency against the euro also contributed. Central Europe registered a minus of 17 per cent, which in Hungary and Poland was mainly due to currency developments but also to targeted personnel reductions. In Southeastern Europe, the decrease of staff costs by 6 per cent was largely a result of currency devaluation.

The Group's average number of employees (expressed in full-time equivalents) fell in 2009 by 2 per cent, or 1,268, to 60,186. The segments with the largest declines were CIS Other, where the average number sank by 7 per cent, or 1,341 employees, and Russia, with a minus of 3 per cent, or 303 employees. In Central Europe, the average number rose by 2 per cent, or 252 employees, while Southeastern Europe registered a plus of 21 employees. Operating income per employee decreased from € 79 thousand to € 72 thousand.

The personnel measures are reflected more clearly in the number of employees on the balance sheet date than in the average number of employees. The number of employees on 31 December 2009 stood at 56,530 in contrast to 63,376 employees at the end of 2008. That means a reduction by 6,846 employees, or 11 per cent. As for development in the individual segments, the number fell by 11 per cent, or 2,183 in the CIS Other segment, by 9 per cent, or 1,700, in Southeastern Europe, by 16 per cent, or 1,668, in Russia, and by 9 per cent, or 1,319, in Central Europe.

Other administrative expenses cut significantly by 13 per cent

Other administrative expenses registered a decline of 13 per cent, or € 143 million, in 2009 to € 970 million. The reductions extended to nearly all expense categories. The most heavily affected were advertising, PR, and promotional expenses, office supplies, training expenses, and travelling expenses. The most significant reductions of other administrative expenses were in Ukraine and in Russia.

The largest expense items were premises at € 308 million (minus 2 per cent), IT costs at € 143 million (minus 7 per cent), legal, advisory and consulting expenses at € 100 million (minus 8 per cent), communications expenses at € 81 million (minus 7 per cent), and advertising, PR, and promotional expenses at € 80 million (minus 40 per cent). In Southeastern Europe, office space expenses increased by 7 per cent due to the opening of new business outlets. Office space expenses decreased by 18 per cent in the CIS Other segment, by 7 per cent in Russia, and by 2 per cent in Central Europe.

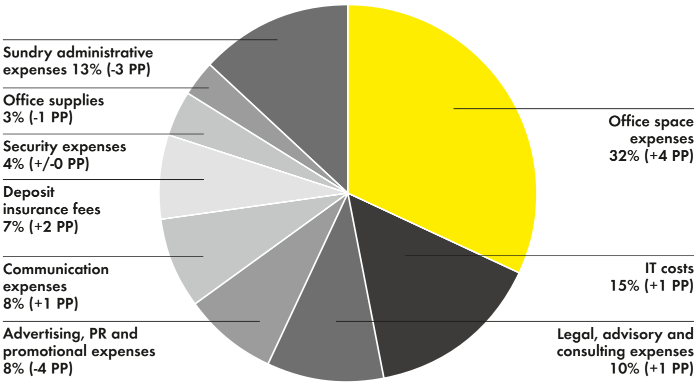
The number of business outlets came to 3,018 at the end of the year, which represents a net decrease on the preceding year's level by 213 business outlets. Due to further location optimizing measures, the number in the CIS Other segment fell year-on-year by 188 business outlets (181 in Ukraine and 7 in Belarus), and by 22 in Russia. Closures also led to a minus of 23 business outlets in Central Europe (in Slovakia and Hungary). The only net increase occurred in Southeastern European, by 20 business outlets.

Depreciation on intangible and tangible fixed assets

Depreciation on tangible and intangible fixed assets remained nearly unchanged year-on-year with an increase of 1 per cent, or € 2 million, to € 245 million. Tangible assets accounted for € 147 million of that, intangible assets for € 69 million, and assets from operating leasing business for € 30 million.

Group-wide investments in the reporting period amounted to € 407 million, of which 55 per cent (€ 225 million) flowed into own tangible assets. Intangible assets accounted for 33 per cent of investments, which primarily concerned software systems. The rest was invested in assets for the operating leasing business.

Breakdown of other administrative expenses in 2009



Other net operating income

Other net operating income worsened from minus € 16 million in the preceding year to minus € 20 million in 2009. Various components were responsible for that. For example, net proceeds from non-banking activities improved by € 5 million to € 4 million (2008: minus € 1 million) on the basis of higher revenues from IT activities. In contrast, the result from agency services fell by € 6 million to minus € 4 million. That was caused by higher expenses which arose primarily in Poland due to non-deductible taxes.

On the other hand, net income from operating leasing grew by 10 per cent, or € 3 million, to € 35 million. While this increase was caused mainly by growth of operating leasing business in Serbia, the majority of the result came from Croatia (€ 31 million). Other taxes not dependent on income decreased by 11 per cent from € 58 million to € 52 million, for which Hungary and Slovakia were mainly responsible. In the reporting year, no income from the release of negative goodwill arose on initial consolidation (2008: € 4 million). The result from allocation and release of other provisions changed from € 5 million to minus € 4 million. The preceding year's positive result had been based on the settlement of litigation in Slovakia and Poland.

Income from disposal of Group assets

The amount of € 76,000 shown under net income from disposal of Group assets contains a subsequent improvement of the sale price for a Group leasing company which was sold in the preceding year.

Net income from disposal of Group assets had amounted to € 8 million in the preceding year. Of that, € 7 million had been generated by the sale of Hungarian project companies, and € 1 million by the disposal of two Czech project companies.

Statement of financial position

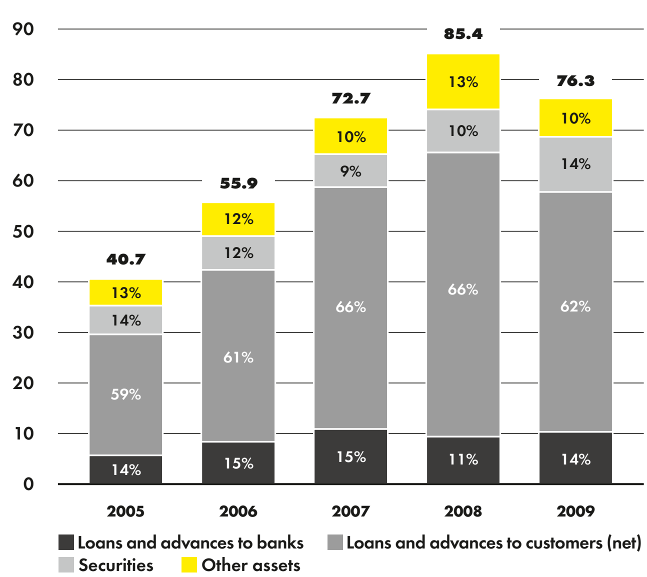
Raiffeisen International's balance sheet total amounted to € 76.3 billion as of 31 December 2009 and thus stood € 9.1 billion, or 11 per cent, below the preceding year's value. Measures to reduce and stabilize the loan portfolio and increased provisions for impairment losses were largely responsible for that. Changes in the scope of consolidation, on the other hand, had no appreciable effects. The strong devaluation of currencies which began in the fourth quarter of 2008 slowed to some extent in the course of 2009. Some currencies even gained in value again. As a result, exchange rate movements had a significantly smaller influence on the development of the balance sheet total than in the preceding year. The Russian rouble, the Romanian leu, and the Ukrainian hryvnia devalued by 5 per cent each in the course of the year, but the Czech koruna and the Polish zloty gained slightly in strength. Only the Belarusian rouble showed a sharp devaluation of 33 per cent. About 2 per cent of the balance sheet total's decline is attributable to currency effects.

Assets

Shifts occurred in the structure of assets in the year under review. Loans and advances to customers (after provisioning) declined by 4 percentage points as a share of total assets, but continued to dominate the asset side of the statement of financial position at 62 per cent. The share of loans and advances to banks increased by 3 percentage points, and that of financial investments (including the trading portfolio) by 4 percentage points to 14 per cent each. The share of other assets fell by 3 percentage points to 10 per cent.

Structure of assets on the statement of financial position

in € billion



In 2009 loans and advances to customers fell by € 7.4 billion, or 13 per cent, to € 50.5 billion, of which almost two thirds was due to lower demand in the lending business due to the recession. Loans to corporate customers decreased by 16 per cent, or € 5.4 billion, while loans to private individuals fell by 9 per cent, or € 2.0 billion. Because of the significant decline of the loan portfolio, the loan/deposit ratio improved by 12 percentage points to 119 per cent.

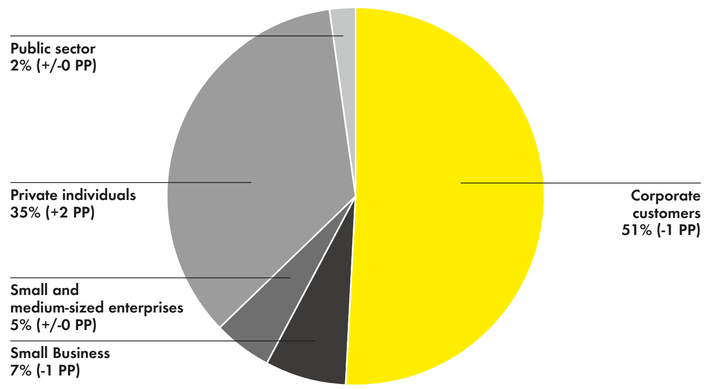
After the end of the reporting year, Raiffeisen International's statement of financial position was characterized by significantly higher provisions for impairment losses, which totaled € 3.1 billion as of 31 December 2009 after € 1.6 billion in the preceding year. Large corporate customers accounted for € 1.4 billion of that, and private individuals for € 1.2 billion. The highest level of provisions for impairment losses was booked in Central Europe at € 1.0 billion. The CIS Other segment showed a level of € 0.8 billion, while Southeastern Europe and Russia each had € 0.6 billion.

Loans and advances to banks increased by € 1.3 billion, or 14 per cent, to € 10.3 billion. Because of the normalization of interbank business, deposits were shifted from central banks (minus € 1.7 billion) to commercial banks, and short-term transactions with the latter were expanded.

Compared with the end of 2008, a significant increase of € 2.1 billion to € 11.0 billion was registered in financial investments (including trading assets). Of that, € 2.4 billion was newly invested in fixed-income securities, consisting predominantly of debt instruments issued by public authorities. By investing liquidity surpluses in this way, the share of the securities in the balance sheet total rose by 4 percentage points to 14 per cent.

Other assets declined by more than one third compared with the end of 2008, primarily due to the reduction of the cash reserve (minus € 3.0 billion). At the end of 2008, free liquidity of some Group units had been deposited with the local central banks. The situation normalized in 2009, which led again to reallocations. Market values of derivative financial instruments fell by € 0.5 billion, partly due to the termination and partly due to the maturing of the instruments, particularly in the case of currency-based transactions of a short-term nature

Structure of loans and advances to customers



Liabilities

Deposits from customers fell by 4 per cent compared with the balance sheet date of 2008, but their share of total liabilities nevertheless rose by 4 percentage points to 56 per cent. They continued to dominate the liabilities side of the statement of financial position. The share of deposits from banks declined by 4 percentage points to 27 per cent. As a result of capital measures, the share of equity and subordinated capital in total liabilities rose by 3 percentage points to 12 per cent in the reporting year. The ratio of other liabilities to total liabilities came to 5 per cent (minus 3 percentage points).

Thanks to increased efforts to acquire and retain customers, deposits from customers declined only moderately by 4 per cent, or € 1.6 billion, to € 42.6 billion in 2009. All CEE countries were affected by this reduction. The largest decreases were registered in Central Europe at € 1.0 billion and in Southeastern Europe at € 0.9 billion. While deposits from retail customers increased by € 1.0 billion, deposits from corporate customers fell by € 1.9 billion. The public sector also reduced its deposits by € 0.7 billion.

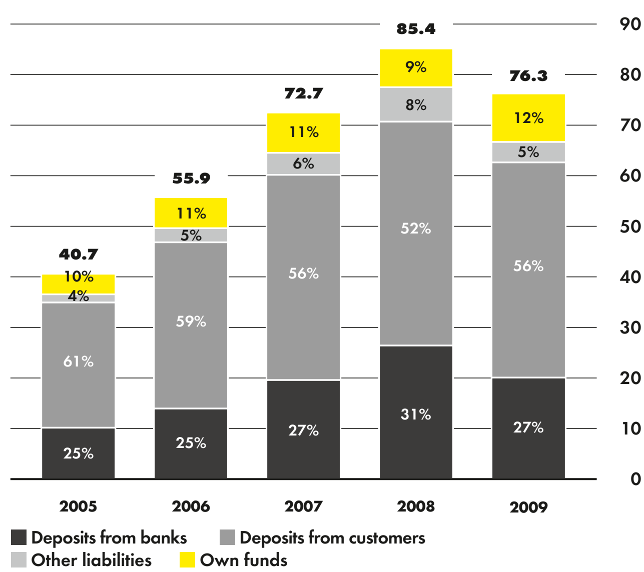
Funding from banks fell by 23 per cent, or € 6.1 billion, to € 20.1 billion. The factor mainly responsible for this decline was funding by international commercial banks, which was down by € 5.6 billion compared with the end of 2008. Deposits from central banks decreased by € 0.8 billion, while those from multilateral development banks rose by € 0.3 billion. Long-term funding arrangements fell by € 3.3 billion, while money market dealings declined by € 2.8 billion.

Other liabilities decreased by € 2.7 billion and amounted to € 4.1 billion at the end of the year. Debt securities issued accounted for € 2.5 billion of that. This means that this kind of capital market funding fell by € 0.9 billion. Furthermore, there were declines of € 0.9 billion in trading liabilities and of € 0.6 billion in derivative financial instruments.

Own funds, consisting of equity and subordinated capital, rose year-on-year by € 1.3 billion. Core capital was increased by € 1.25 billion in the year under review. This capital inflow occurred as a result of two issues, one of € 0.6 billion in the form of participation rights and one of € 0.65 billion in the form of hybrid Tier 1 capital. Both issues were entirely subscribed by RZB.

Structure of liabilities on the statement of financial position

in € billion



Equity

Equity on the statement of financial position

Raiffeisen International's balance sheet equity including consolidated profit and minority interests rose by 7 per cent, or € 482 million, on 2008 to € 7,000 million.

Paid-in capital consists of subscribed capital, participation rights capital, and capital reserves. It changed in the reporting period only due to the disposal of own shares and to amounts from the share incentive program booked directly to equity, thus increasing by € 1.3 million. Furthermore, participation rights were issued in the reporting year in the amount of € 600 million, which was entirely subscribed by the core shareholder RZB.

Earned capital, consisting of consolidated profit and retained earnings, declined by € 194 million to € 2,365 million. In the year under review, consolidated profit fell from € 982 million in 2008 to € 212 million mainly due to high net allocations to provisioning for impairment losses.

The significant currency devaluation at the end of 2008 lost momentum in 2009, and the rates of some currencies recovered in the course of the year. Nevertheless, currency effects and capital hedging measures associated with them (minus € 13 million) reduced retained earnings by € 261 million. The currency effect in the preceding year was minus € 923 million.

In Russia, cash flow hedge accounting had already been introduced in the preceding year to hedge variable-interest-rate positions. Changes in the market value of hedging instruments increased retained earnings by € 13 million in 2009. On the other hand, the dividend of € 0.93 per share paid out in the year under review reduced retained earnings by € 143 million.

Minority interests rose by 8 per cent, or € 75 million, to € 998 million. Capital contributions of € 27 million in various Group units and the share of profit allocable to outside shareholders in the amount of € 75 million helped to increase this figure. Dividend payments had the opposite effect and reduced minority interests by € 57 million. Currency effects amounted to minus € 5 million.

Own funds according to the Austrian Banking Act

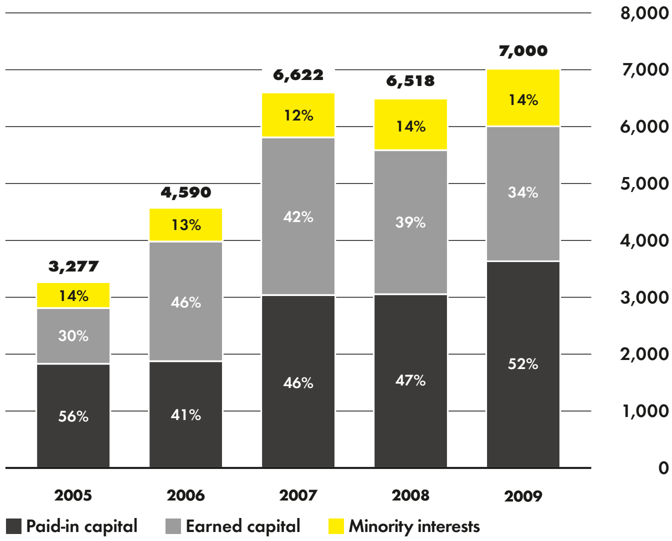
Raiffeisen International is not a separate banking group within the meaning of the Austrian Banking Act (BWG) and therefore is not itself subject as a Group to the regulatory provisions for banks. Since the beginning of 2008, the calculation of capital adequacy has been performed in accordance with Basel II. Credit risk and market risk are calculated generally according to the Standardized Approach pursuant to Section 22 of the BWG, but the credit risk for loans and advances to banks, corporates, and sovereigns is calculated according to the internal ratings-based approach (IRB) at the network banks in Croatia, Romania, Slovakia, the Czech Republic, and Hungary. The following consolidated figures have been calculated according to the provisions of the BWG and are accounted for within the scope of the RZB-Kreditinstitutsgruppe.

Consolidated own funds according to the BWG amounted to € 8,328 million as of 31 December 2009. Compared with the preceding year, this represents a plus of € 1,337 million. That is mainly due to a capital increase of € 600 million in the form of participation rights and an issue of hybrid capital in the amount of € 650 million. Both were entirely subscribed by RZB. On the other hand, exchange rate movements of currencies, including especially the Russian rouble, Serbian dinar, Ukrainian hryvnia, and Belarusian rouble, had a negative impact on core capital. Altogether, that resulted in a decrease of € 206 million.

Additional own funds rose by 5 per cent, or € 56 million, to € 1,102 million. Maturing Tier 2 issues led to a reduction in this item, while changes in maturity of subordinated capital in Ukraine and newly issued subordinate capital in Ukraine and Hungary had an increasing effect.

Composition of consolidated equity

in € million



Set against own funds was an own funds requirement of € 5,117 million, which was 11 per cent, or € 650 million, below the preceding year's level due to exchange rate movements and reduced business volume. The own funds requirement consists of requirements for credit risk of € 4,007 million (2008: € 4,831 million), for market risk of € 136 million (2008: € 152 million), for open foreign exchange positions of € 399 million (2008: € 343 million), and for operational risk of € 574 million (2008: € 440 million). The last-mentioned of these grew in the reporting year due to the increased assessment base.

Excess cover amounted to € 3,212 million at the end of the year and thus improved on the preceding year by € 1,987 million which resulted in an excess cover ratio of 62.8 per cent.

The core capital ratio based on credit risk increased from 9.7 per cent in the preceding year to 14.1 per cent. Likewise, the core capital ratio based on total risk rose to 11.0 per cent (plus 2.9 percentage points). The own funds ratio also improved by 3.3 percentage points to 13.0 per cent.

Research and development

Raiffeisen International does not engage in research and development.

Internal control and risk management system in regard to the Group accounting process

Balanced, complete financial reporting is an important goal for Raiffeisen International and its corporate bodies. Complying with all relevant provisions of law is, of course, a basic prerequisite for that. The Managing Board bears responsibility for establishing and arranging an internal control and risk management system in regard to the accounting process that meets the requirements of the Company. The aim of this internal control system is to support the management by ensuring effective and continuously improved internal controls in regard to accounting. The control system is geared to compliance with standards and regulations, on the one hand, and to creation of optimal conditions for specific control measures, on the other.

The consolidated financial statements are prepared on the basis of the applicable Austrian laws, including principally the Austrian Commercial Code (UGB), which governs the composition of such statements. The accounting standards for the consolidated financial statements are the International Financial Reporting Standards (IFRS) as adopted by the EU, which the RZB Group and hence Raiffeisen International have been using since 2000, initially on a voluntary basis.

Control environment

An internal control system has already existed at Raiffeisen International for years in the form of directives and instructions for strategically important subject areas. It comprises:

- The assignment of authority for the approval of Group and company directives and department and division instructions.
- Process descriptions for the preparation, quality control, approval, publication, implementation, and monitoring of directives and instructions.
- Rules for the revision and suspension of directives and instructions.

The management of the respective network unit is responsible for implementing the Group instructions. Compliance with these Group rules is monitored in the context of audits on Group and local level.

Preparation of the consolidated financial statements for Raiffeisen International has been outsourced to RZB. It is performed in RZB's Group finance department, which is under the direction of the members of RZB's Managing Board responsible for risk and financial management. The relevant responsibilities are defined Group-wide in the framework of a dedicated function.

Risk assessment

Material risks in regard to the Group accounting process are evaluated and monitored by the Managing Board. Complex accounting principles can lead to an increased risk of error, and the same is true of non-uniform principles of valuation, particularly for financial instruments that are essential in the Group. Furthermore, a difficult business environment also poses the risk of material errors in reporting. To prepare consolidated financial statements, it is necessary to estimate various asset and liability items for which no reliable fair value can be determined. That applies particularly to lending business, social capital, and the intrinsic value of securities, participations, and goodwill.

Control measures

Individual financial statements are prepared according to RZB's specifications in a decentralized manner in the respective Group units. It is the task of the employees and managers responsible for accounting in the Group units to provide a complete picture and correct valuation of all transactions. Because of divergent reporting dates and different local accounting standards, local financial statements may deviate from the figures provided to RZB. The respective local management must see to it that the prescribed internal control measures, such as separation of duties and the "second-set-of-eyes" principle, are implemented.

The financial statement data, which are examined by an external auditor, are transmitted in most cases by direct input into the Cognos Controller consolidation system by the end of January each year. The system is protected in regard to IT security by restrictive granting of authorization.

The financial statement data received from the Group units are checked for initial plausibility in the Group finance department by the key account manager responsible for the Group unit. The further consolidation steps, including capital consolidation, expense and income consolidation, and debt consolidation, are then performed in the Cognos Controller consolidation system. Finally, any intercompany profits are eliminated by means of entries in Group accounts. Preparing the data for the notes to the financial statements required by the IFRS and UGB forms the conclusion of the consolidation process.

The general control environment also comprises the middle management level (department heads) in addition to the Managing Board. All control measures are applied in the current business process to ensure that potential errors or divergences in the financial reporting are prevented or detected and corrected. The control measures range from the examination of periodic results by the management to the specific reconciliation of accounts to the analysis of ongoing processes in the accounting department.

The consolidated financial statements together with the management report are dealt with in the Audit Committee of the Supervisory Board. The consolidated financial statements are furthermore submitted to the Supervisory Board for its information. In the framework of the annual report, it is published on the Company's website and in the official gazette of the Wiener Zeitung and lastly is submitted to the commercial register.

Information and communication

The consolidated financial statements are based on standardized forms that are uniform across the Group. The accounting and valuation standards involved are defined and explained in the RZB Group accounts manual and are binding in regard to preparing the financial statement data. Instructions to Group units concerning details on valuation measures in the area of credit risk and similar problems are given in the framework of Group directives. Changes in the instructions and standards are communicated in regular training sessions in the relevant units.

The consolidated results are assembled into complete consolidated financial statements in the Group finance department. In addition, a Group management report is prepared, in which the consolidated results are explained in words in accordance with the legal specifications. The consolidated financial statements and the management report are examined by the external auditor appointed for that purpose.

In the course of the year, reporting on a consolidated basis is performed monthly, and interim reports that conform to the provisions of IAS 34 are prepared quarterly for the public in accordance with the Austrian Stock Exchange Act. Consolidated financial statements to be published undergo final evaluation by company executives and the Chief Financial Officer before being forwarded to the Audit Committee of the Supervisory Board. Furthermore, analyses regarding the consolidated financial statements are prepared for the management, and accounting forecasts are periodically prepared for the Group. The budgeting process likewise includes preparing Group budgets on a three-year basis.

Monitoring

The Managing Board and the controlling department are responsible for continuous companywide monitoring. Furthermore, the department heads are responsible for monitoring their respective areas. Inspections and plausibility checks are conducted at regular intervals.

Internal auditing is also involved in the monitoring process. The internal auditing function is performed by the Group audit division of RZB based on an annually updated service level agreement. There are rules valid Group-wide and specific to internal auditing (Group audit standards) that apply to all internal auditing activities related to Raiffeisen International, which are based on the Austrian Financial Market Authority's minimum standards for internal auditing and on international best practices. In addition, the internal rules of the audit department apply (particularly the audit charter).

The Group audit division independently and regularly checks for compliance with internal rules both in Group units and in the head office's accounting division. The head of the audit division reports directly to the Managing Board.

Capital, share, voting, and control rights

Disclosures pursuant to Section 243 a (1) of the Austrian Commercial Code

(1) The Company's capital stock amounts to € 471,735,875 and is divided into 154,667,500 voting common bearer shares. Of those, 984,511 shares were in the portfolio of own shares, so 153,682,989 shares were outstanding as of the balance sheet date. Please consult the notes to this report (p. 166 onwards) for more information.

(2) The articles of association contain no restrictions concerning the voting rights or transfer of shares. The Managing Board is not aware of any restrictions arising from agreements among shareholders.

(3) RZB holds 72.8 per cent of the shares in the Company by way of its indirect 100 per cent subsidiary *Cembra Beteiligungs GmbH, Vienna*. The remaining shares are free float, which contains no direct or indirect participations in capital amounting to 10 per cent or more.

(4) Pursuant to the Company's articles of association, RZB is granted the right to delegate up to one third of the Supervisory Board members to be elected by the Annual General Meeting, as long as it holds a participation in the capital stock. Moreover, there is no special right of control associated with holding shares.

(5) There is no control on voting rights in case of a participation in capital by employees.

(6) Pursuant to the articles of association, a person who is 68 years or older may not be appointed as a member of the Managing Board or be reappointed for another term in office. The rule for the Supervisory Board is that a person who is 75 years or older may not be elected as a member of the Supervisory Board or be elected for another term in office. Furthermore, there are no regulations regarding the members of the Managing Board and the Supervisory Board beyond the provisions of the relevant laws.

(7) The Managing Board is authorized to increase the capital stock by up to € 181,436,875 by issuing up to 59,487,500 new common bearer shares with voting rights against contributions in cash and/or in kind within five years after recording the relevant amendment to the articles of association in the commercial register, while preserving the right of subscription to which the law entitles shareholders including the right of indirect subscription by way of a bank pursuant to Section 153 (6) of the Austrian Stock Corporation Act, and to fix the offering price and terms of the issue with the approval of the Supervisory Board. The Supervisory Board or a committee authorized for this purpose by the Supervisory Board is authorized to adopt amendments of the articles of association that arise upon issuing shares from the authorized capital.

Pursuant to Section 159 (2) 1 of the Austrian Stock Corporation Act, the capital stock is increased contingently by up to € 47,173,587.50 through the issue of up to 15,466,750 common bearer shares (contingent capital). The contingent capital increase would only be carried out to the extent that holders of convertible bonds issued under the resolution of the Annual General Meeting of 10 June 2008 make use of the right to convert such bonds into shares of the Company. No convertible bonds have been issued to date, however.

The Annual General Meeting of 10 June 2008 authorized the Managing Board in accordance with the provisions of the Austrian Stock Corporation Act to buy own shares and, if deemed appropriate, to retire them without further prior involvement of a general meeting of shareholders. The proportion of shares to be bought and shares already bought may not exceed 10 per cent of the Company's respective capital stock. The duration of the authorization to buy own shares is limited to 30 months from the date of the Annual General Meeting's resolution. No own shares have been bought since the authorization was issued in June 2008.

The Annual General Meeting of 9 June 2009 authorized the Managing Board of *Raiffeisen International Bank-Holding AG* to issue, in one or more tranches, participation rights having equity characteristics pursuant to Section 174 of the Austrian Stock Corporation Act in a total nominal amount of up to € 2,000 million within five years from the date of the authorizing resolution with approval of the Supervisory Board after closer specification of the terms of the participation rights to be set by the Managing Board and excluding shareholders' subscription rights. Under the provisions of the relevant laws, participation rights confer no voting rights or other membership rights. Issuing participation rights therefore entails no change of ownership structure from the standpoint of stock corporation law and shareholders' voting rights. Raiffeisen International decided on 15 July 2009 to strengthen its capital by issuing participation rights in the amount of € 600 million based on the authorizing resolution of June 2009. No further participation rights have been issued to date. Please consult the notes to this report (p. 166) for more information.

(8) The following material agreements to which the company is a party and which take effect upon a change of control in the company as a result of a takeover bid exist in the context of the D & O insurance and the share incentive program:

> "If the insured, Raiffeisen International, comes under new control due to a change in the management or control in respect to the management or control over a subsidiary or if it merges with another enterprise, the insurance will only cover events of loss due to wrongful acts occurring prior to the change in control and management and only for events of loss up to the end of the period of insurance."

The company's share incentive program provides upon change in corporate control as follows:

> "If a change of corporate control or a merger occurs during the vesting period without the combination being exclusively concerned with subsidiaries, all contingent shares will lapse without replacement at the time of acquiring the shares of Raiffeisen International and the investor's actual possibility of disposing of them, or at the time of the merger. An indemnification payment will be made for the contingent shares."

(9) There are no indemnification agreements between the company and its Managing Board and Supervisory Board members or employees for the case of a public takeover bid.

Funding

Liquidity situation significantly eased

Banks usually fund themselves by means of their own funds, customer deposits, and other external sources such as the capital and interbank markets. Because of the financial crisis, funding by means of external sources, so-called wholesale funding, was still severely affected again in 2009.

Due to continuing erosion of confidence among banks and the resulting scarcity of liquidity, the cost of wholesale funding increased further in the first quarter of 2009, and spreads of unsecured senior bank bonds reached on average 200 basis points relative to the Euribor during the first three quarters. By March 2009, the average prices of senior credit default swaps (CDS) used to buy protection against the unsecured risk of international banks with operations in the CEE region similarly reached a peak of around 300 basis points.

Many countries reacted to this rise in funding costs which affected the entire banking sector by providing capital injections and state guarantees, while central banks lowered key interest rates and expanded the supply of liquidity. These measures noticeably eased the situation in the second quarter of 2009. Because of more selective lending by banks due to the crisis and intensified acquisition of customer deposits, the liquidity situation improved significantly in the course of the reporting period. The former difficulty of supplying the banking sector with liquidity no longer exists. A simultaneous decline in credit demand similarly contributed to this development.

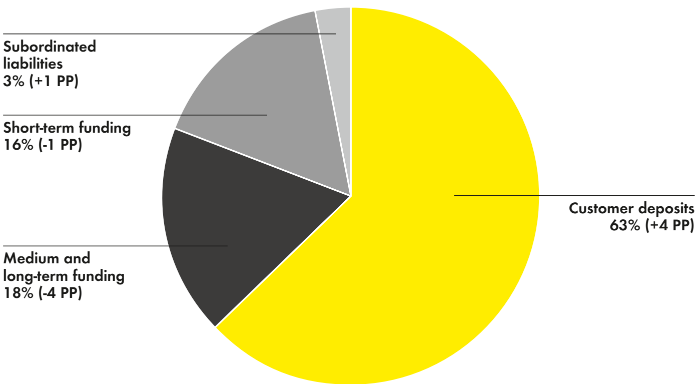
Funding measures

Intensified cooperation among Raiffeisen International, its network banks, and the Group, particularly in regard to managing liquidity, providing funding, and supplying treasury products, made it possible to cope well with the challenges of the market environment again in 2009. Especially in the first half of the year, the liquidity committee set up in 2008 assumed major coordination tasks regarding funding projects for the entire Group. Cooperation with RZB and the network banks was strengthened in the reporting period, both bilaterally and through an international sales network that serves as a virtual platform for financial market products.

In view of the difficult market conditions, the focus of the network units with respect to wholesale funding in 2009 was on loans from RZB, which were partly refinanced by the *Oesterreichische Kontrollbank (OeKB),* borrowing from supranational and local institutions, as well as local securities placements. In the first half of 2009, RZB issued three benchmark bonds guaranteed by the Republic of Austria worth a total of € 4.25 billion as well as a considerable volume of private placements, a substantial part of which served to fund Raiffeisen International. Furthermore, RZB made available to Raiffeisen International and its network banks a total of € 1.25 billion in the form of hybrid capital and participation rights to strengthen their capital base.

A coordinated funding package involving the EIB, the EBRD, and the International Finance Corporation (IFC) is in preparation and will contribute importantly to providing long-term funds to network units in the coming years.

Structure of funding



Of the USD 5 billion euro medium-term note (EMTN) program of *ZAO Raiffeisenbank* in Russia, registered in February 2008, the first tranche of USD 340 million was placed with an institutional investor in 2009.

Solid funding sources

Raiffeisen International's funding has been based on several pillars for some years now. At the end of 2009, customer deposits represented the largest share of that at 63 per cent, or € 42.6 billion. Wholesale funding accounted for the remaining 37 per cent, or € 25.1 billion, of which in turn 60 per cent came from RZB.

The effects of measures taken to counter the evaporation of wholesale funding markets in 2008 became visible in the first half of 2009, and the ratio of customer deposits to total funding increased.

A large part of the funding volume for network units falling due in 2009 was renewed by means of mostly medium- and long-term funding agreements. This primarily concerns loans from RZB, which partly derived from OeKB funds.

The EBRD and IFC are also important partners in long-term funding for Raiffeisen International as a bank with Central and Eastern European exposure. That is because Raiffeisen International fulfills the prerequisites for the distribution of supranational credits that the EBRD and IFC make available to promote the CEE region's economic development. Raiffeisen International had total funding of € 1.4 billion, outstanding at the end of 2009 and granted primarily on a long-term basis. Further cooperation with these supranational institutions is planned.

Although the importance of wholesale funding for Raiffeisen International is tending to diminish, the international financing possibilities continue to be a substantial factor. The Group has strong funding partners, which have excellent access to the international capital markets. Raiffeisen International's 2010 funding needs which are foreseeable at the end of the reporting period were taken care of on this basis. Besides customer deposits, which are the leading source, the possibilities of funding by way of RZB and supranational institutions and furthermore by way of house banks, will continue to shape the funding structure in 2010.

Risk management

Active risk management is a core area of expertise for Raiffeisen International as a bank holding company and demands highest attention in times of crisis. To recognize, assess, and manage risks effectively, Raiffeisen International established a comprehensive risk management system in the past and constantly continues to develop it further.

The economic crisis shaped the development of Raiffeisen International's risk management in 2009. The focus in retail risk management was on an intensification of collections, loan restructuring, stress tests, and scenario analyses at the portfolio level. In corporate risk management, an early warning system was established in light of the crisis, workout management was expedited, and more stress tests were conducted.

In general, Raiffeisen International's risk management is governed by Group-wide guidelines for credit policy. This ensures coordinated application in all network units of the criteria centrally adopted by the Managing Board. Work on area-wide implementation of the advanced approach of Basel II likewise contributes to standardization.

Raiffeisen International's business is subject to currency fluctuations due to numerous activities outside the euro area. This concerns income and expenses incurred in foreign currencies, the own funds requirement of asset positions in foreign currencies, and the equity of material participations. Rate changes therefore lead not only to fluctuations of Raiffeisen International's consolidated capital, but also to changes of the own funds requirement for credit risk. You will find information about the hedging of Raiffeisen International's currency risk from page 200 onwards.

The two areas of risk management – retail and corporate risk management – are presented below particularly with regard to their achievements in 2009. Following that, progress made in implementing Basel II and in optimizing processes is highlighted with emphasis on data quality. A detailed report on risk management is included in the notes to the consolidated financial statements, beginning on page 176.

Retail risk management

Risk management of business with retail customers (private individuals and small enterprises) in the previous year focused on collections, loan restructuring, and conducting stress tests. Since comprehensive activities aimed at standardizing risk management criteria, processes, and products for private individuals within the Group – a central theme in previous years – were basically already completed, only regular adjustments and additions on behalf of constant further development had to be made in the year under review.

Group lending criteria were basically maintained as they were after adjustment in the previous year due to changes resulting from the economic crisis. That also includes keeping a very tight rein on granting foreign currency loans. In some countries, lending criteria were adjusted to country-specific conditions in 2009.

Lending criteria for private individuals adjusted

Country specific credit policies were enhanced for private individuals in 2009. This includes, among other things, general lending rules, credit fraud prevention rules, and clear criteria regarding target customers in the individual divisions.

Collection excellence program

A comprehensive program was launched at the beginning of 2009 to intensify collection activities in the retail division. It involves a proactive approach at the portfolio level. The program has already been implemented in 9 countries, and will be put into practice in another 3 countries in 2010.

The program is divided into three phases: assessment, intensive care, and standard care. In the first phase, the current status of collections is determined, and a list is made of measures to be taken, prioritized according to their urgency and short-term bottom line impact. Typical measures include, for example, improving a collections strategy, capacity planning, employee motivation, and monitoring. In the second phase, the measures adopted in the first phase are implemented in the respective country with ongoing comprehensive support from a team of experts on site. The greatest effect is typically achieved in this three-month phase. Further improvements are generated in the third phase, standard care. Support from the head office is given in this phase as needed, while the resources required for restructuring successes tend to be increasing.

The collections excellence program has necessitated measures to be taken on the personnel side, which have been achieved through retraining, especially of account managers, and through new hiring. The general training program established in 2008 was continued throughout the Group in the past year.

Overall, significant successes in recovering past due receivables were registered in countries where the program was already implemented. It thus decisively improved the efficiency of collections.

Restructuring

The agreements typically made with customers in cases of restructuring include lengthening of loan terms, provision of additional collateral, temporary reduction of installments (while maintaining the net present value of the loan), and selective adjustment of rates.

Aspects such as quality of the customer relationship, collateral, and the customer's debt/income ratio play an important role in this. The greatest need for restructuring in 2009 arose in Ukraine, Romania, Bulgaria, and Hungary.

Scenario analyses established at the portfolio level

Portfolio management was significantly intensified against the background of market development in the reporting period. The goal was an in-depth analysis of trends and causes. For that purpose, a system was developed to investigate how portfolio quality is influenced by macroeconomic factors such as changes in GDP growth rates. From the results obtained, inferences can be drawn for general business strategy regarding, for example, which customer divisions will be especially volatile, or which products especially risky.

The system developed should be viewed as supplementing the stress tests, which have been conducted for a long time in accordance with regulations, and used both at the level of business subdivisions (private individuals and small and medium-sized enterprises) and at the product level (for example, mortgage loans, overdrafts, installment loans, and credit cards). The scenario analyses were conducted several times in the past year, and the results obtained made a valuable contribution to the planning and management of the entire Group. At the same time, an important foundation was thus laid for the scenario analyses required by Basel II in those countries where the launch of the Advanced Internal Ratings Based (Advanced IRB) approach is to move forward in 2010.

Corporate risk management

The measures already taken in 2008 to mitigate the effects of the crisis, such as tightening lending criteria, were continued and supplemented with additional elements. Reducing unsecured credit lines, lowering loan-to-value ratios, and restricting lending to companies particularly sensitive to cyclicality effects were basically continued and expanded to local and regional government financing and adapted to the prevailing situation.

Parallel to that, the focus in the reporting year was on establishing an early warning system, expanding and further developing workout, conducting and refining stress tests, and actively managing portfolios.

In addition to the local risk management units of the respective network banks, central risk management continues to play a key role in the overall Group organization. Besides setting up Group standards, it pursues their uniform implementation and observance Group-wide.

Implementation of an early warning system

In view of the continuing economic difficulties of many companies in Central and Eastern Europe as a result of the crisis and its effects on the corporate customer division's loan portfolio, workout functionality was significantly revised and expanded in the past year. The key topics were processing and decision-making processes, employee motivation by means of a specific incentive system, and organizational issues. These minimum standards were rolled out in the entire network.

The new workout process is based on a clear definition of the risk status of each customer. The assignment of a certain risk status results from a recently developed early warning system, which consists of a partially automated and IT-supported cause-and-effect analysis based on numerous signals. Most signals are standardized at the Group level, but can be adapted and supplemented with further factors to meet specific local conditions. Early detection of potential problem cases follows a structured process by means of which customers are supported as early as possible and, if necessary, countermeasures can be taken.

The process is divided into the following categories: standard (no need for action), pre-workout (first signs of a potential problem case), and workout (subdivided into the phases of early workout and late workout).

Depending on the respective classification, the bank and customer jointly develop measures to minimize the risks. Moreover, depending on the risk status, the client responsibility changes within the bank from account managers to workout specialists in dealing with and supporting the customer further. In the framework of expanding the workout process and ensuring optimal support, personnel capacities were roughly doubled in the past year. By means of training programs developed especially for Raiffeisen International with the support of well-known international training companies, employees were quickly prepared for the new tasks and correspondingly deployed. Additionally created incentive systems ensure high result quality and efficiency.

Results of the newly structured workout process include both standardized pre-workout and considerably cheaper and more efficient handling of non-performing loans.

Stress tests

The existing stress tests continued to be applied in the reporting year. On the one hand, stress tests were conducted at the portfolio level (top down), in which the effects of changes in individual parameters on the entire portfolio are simulated. On the other hand, those were supplemented by stress tests based on individual exposures (bottom up). Amongst others, these tests are used to simulate how the customer credit standing and repayment ability is affected by changes of exchange rates in a country relative to a certain reference currency or by a non-renewal of financing by other banks. Their results allow potential risks to be detected and then countered proactively at a very early stage.

Active portfolio management

The focus of activities in portfolio management was on real estate loans. That was the case particularly in countries with a high proportion of such loans in relation to the overall portfolio. Both concentration risks at the portfolio level and individual real estate financing projects were analyzed in detail (bottom up), and appropriate measures were initiated. Special importance was placed on working with customers to identify possible risks early and actively counteract them, for example, by lengthening leases early, making adjustments in the rent level, and changing the extent of collateral or the tenor of the loans. Furthermore, the fundamental long-term development prospects in the real estate markets of individual countries are analyzed on an ongoing basis with a team of experts in order to take strategic anticipatory measures early in respect to future credit exposure.

Basel II and risk process optimization

Uniform and harmonized processes and valuation methods are the declared goal of all Raiffeisen International activities in the areas of Basel II and risk process optimization.

To that end, the concept of consistent and Group-wide implementation of Basel II was again systematically pursued in 2009. The goals involved go far beyond implementing methods of measuring credit risk for regulatory purposes. Development of the key pillars of the credit management process, i.e. risk measurement and management, continued steadily.

Raiffeisen International successfully underwent the IRB approval process according to plan: this was carried out in Slovenia and Hungary for business relating to private individuals, and for business dealing with customers such as small and medium enterprises, large enterprises and financial institutions in Croatia and Romania. The approval process was successfully completed, subject to only a very low number of conditions. The conditions set by supervisory authorities in Hungary, Slovakia, Poland and the Czech Republic – the authorization was given for the latter two in the previous year – were quickly fulfilled in the candidate countries. In 2010, these contents will be implemented in the entire network for the purpose of optimizing the risk process. That also applies to countries in which the standard approach is still being used.

Basel II preparations in Russia and Ukraine made very good progress in 2009, with the focus on implementing the data warehouse. Starting in 2010, Belarus will also be included in the extensive IRB preparations.

It is the aim of the Basel II center of excellence in Vienna to maintain the high level achieved in credit risk management. Optimization of the risk process with special attention to data quality and comprehensive collateral management will be consistently continued in all of the network's banks and leasing units in the years ahead.

Operations and IT

Cutting costs and raising productivity

When the economic crisis emerged in 2008, Raiffeisen International reacted immediately and reduced its costs. Total costs therefore decreased by around 14 per cent year-on-year.

This rapid change of goals from strong growth to cost-reduction was made possible in part by measures already taken in the past years, investments in process optimization and the establishment of centralized procurement departments. Many of those measures proved extremely successful in 2009 and led to notable improvement of the cost-income ratio from 54.0 per cent to 52.5 per cent despite unchanged income.

Savings were achieved through a balanced combination of cuts to personnel costs and a reduction of administrative expenses. This development was additionally promoted by the devaluation of many CEE currencies. Savings were not evenly distributed among all countries and departments, but were achieved in targeted areas where decreased business volume and the crisis had especially severe effects. Care was also taken that savings not be made at the expense of strategic projects that are necessary for Raiffeisen International's future competitive positioning.

A Group-wide cost management program had already been set up toward the end of 2008, coordinating and guiding all above-mentioned initiatives. Together with risk management, optimizing the collections operations was another focus of action. As a result, significant improvements of efficiency were achieved in a very short time. Above all, processes, organizational structures, capacity planning, and technical support were optimized.

The 6 Sigma initiative that has successfully been running at Raiffeisen International for several years was expanded in 2009 by some pilot projects in the area of lean management, aimed at increasing organizational efficiency. For example, a new operations back office was set up in Slovakia and all established settlement processes there were revamped with a view to lean management. The successful realization of these pilot projects is expected to lead to a Group-wide introduction of lean management in the Raiffeisen International Group in the years to come.

Both network banks and the head office were particularly called upon to reduce costs through procurement. The focus was on lowering those expenses that in sum account for the majority of administrative costs, which means expenditures for information technology (IT), rent, and advertising and consulting costs. The majority of rental agreements were thus renegotiated in all countries. IT-systems were consolidated to reduce maintenance expense. Moreover, new frame agreements for servers and "thin clients" (terminals that are restricted to input and output were signed).

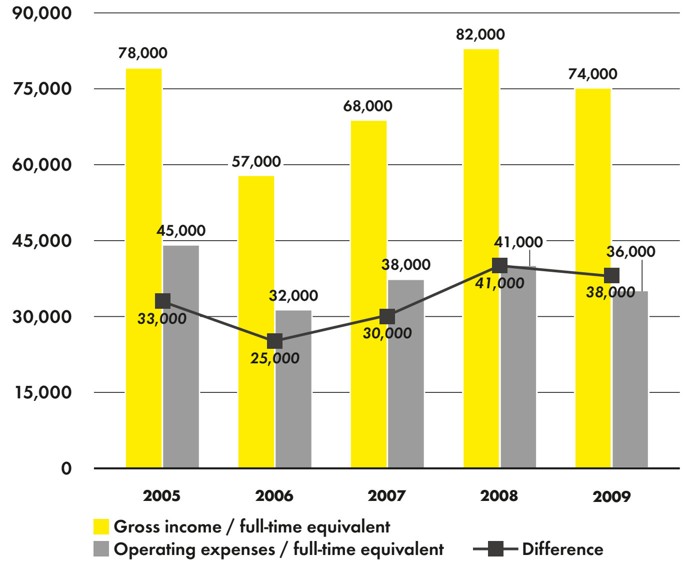
Compared with 2008, when personnel reached the highest level in company history, the number of employees had to be reduced Group-wide by around 11 per cent to 56,530 at the end of 2009. Personnel and cost reduction was stepped up especially in countries that were hit hardest by the crisis and capacity buildup occurred in the years of strong growth, including Ukraine, Russia, and Hungary. In those countries alone, almost 4,600 jobs were cut, which represents around 67 per cent of the overall reduction.

IT and shared service centers

Midas, a universal banking system for handling core processes (e.g., account administration) that is used in seven network banks, was expanded in 2009 in cooperation with the manufacturer, *Misys PLC*. The Midas Plus 1.4 version was successfully introduced in Russia. This version offers substantial optimization of capacity, but also of functionality, especially at interfaces

Development of profitability

in €



with other applications. At *Tatra banka, a.s.* in Slovakia, the migration to Midas Plus 1.4 was also carried out. At *Raiffeisen Bank Aval JSC* in Ukraine, Midas Plus 1.4 was implemented in a first phase for treasury operations.

At the same time, preparations were in full swing for the launch of Finacle from *Infosys*, a new core banking system oriented to retail customers. The pilot bank for that is *Raiffeisenbank a.s.* in the Czech Republic.

The launch of further Group solutions, such as the internal reporting system (MIS), collections, treasury (GTS), and compliance, moved forward successfully in 2009. With one exception (Ukraine), all network banks were connected via CRISP, the shared service center in Romania, to the central SWIFT hub and to transaction and customer screening (FISA) at the end of the reporting period. These centralized applications support further strengthening of the compliance function.

Moreover, new Group-wide solutions were defined in customer relationship management (CRM). A pilot version was successfully introduced for the area of corporate customers in Serbia.

Further improvements in IT security were made in the reporting period. They are designed to protect electronic banking solutions, in particular, but also internal applications and IT processes even better from possible external threats.

Card processing

Raiffeisen International's two card processing centers, in Kiev and Bratislava, increased their profitability and productivity. These centers processed 518 million transactions in the Group in 2009. 12.5 million cards were issued as of the end of the reporting period. Preparations are now being made for a new Group-wide application platform for issuing cards and for managing and processing card transactions. The medium-term goal is to bundle processing of all card transactions in the two centers.

Payment transfers

More than 80 per cent of the Group's total payment transfers are already being processed completely electronically. That is a result of process optimization measures and incentives for customers to switch to electronic banking. In the shared service center in Bucharest, active preparations are now under way to manage the international payment transfers of five network banks through one centralized software solution.

Payment transfers also play a great role in the business strategy for corporate customers and private individuals. Raiffeisen International therefore constantly invests in new electronic channels (internet banking, mobile banking) to make fast, convenient service possible for its customers. The money transfer product Bystraya Pochta ("Express Mail"), which is offered to private customers in Russia and in the CIS Other segment, held up well even in the crisis, and will again be a main focus in the CIS Other segment in the year ahead.

Human resources

Crisis-driven adjustments

Because of the financial crisis and its very noticeable effects on the real economy in 2009, Raiffeisen International was forced to adjust the number of its employees to current business needs. Compared with the end of the previous year, the level of personnel was therefore down as of 31 December 2009 by 10.8 per cent, or 6,846 persons, to 56,530 employees (measured in terms of full-time equivalents).

The changed conditions also made it necessary to increase the number of employees in some areas, including compliance, risk management, collections, and workout. However, in other areas, such as sales, fewer employees were needed. Targeted continuing education and retraining measures were therefore implemented to prepare employees quickly and effectively for deployment in areas with increased capacity needs.

Workforce reductions occurred particularly in Ukraine (2,143), in Russia (1,668), Romania (664), and Bulgaria (426). These personnel measures were implemented in every country in a socially responsible manner and only after exhausting all other alternatives.

The average age of employees remains relatively low at 34.6 years and thus corresponds to Raiffeisen International's image as a young and dynamic company. With 76 per cent of the employees being university graduates, the workforce exhibits a very high level of qualification. 67 per cent of the employees are women.

Human resources controlling

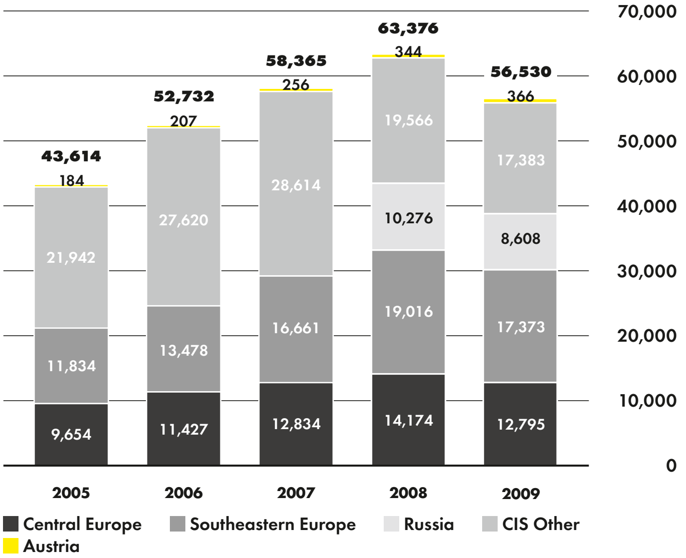
To optimize management of its personnel, Raiffeisen International began to develop an internal human resources controlling system in 2008. This system was successfully implemented in all countries in 2009.

Data relevant to personnel, e.g. including the return on investment of human capital, training days per employee, the turnover rate, personnel costs per employee, and profit per employee, have been collected and internally evaluated to create a solid basis for business decisions.

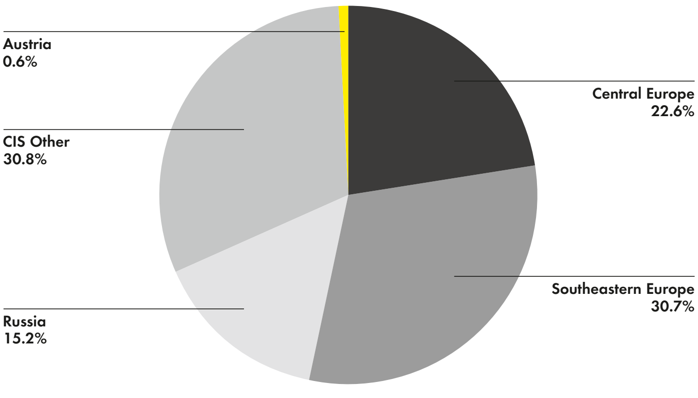
Expanded full-time equivalent reporting on the basis of job groups is used in many projects in different areas of the Group to measure and improve their efficiency and productivity.

Development of personnel

Number of staff on balance sheet date



Geographical distribution of employees as of the balance sheet date



Commitment to performance and management development

Performance management

Commitment to performance enjoys an especially important status in times of crisis-driven cost reductions. The well-established performance management system that has existed in Raiffeisen International's entire network for some years forms an efficient basis for that. In line with its purpose, all management personnel as well as all employees in most network units were integrated into the performance management process in 2009. Further standardization of performance evaluation and hence better comparability across all markets of the Group will be sought in 2010. Moreover, the goal agreement system is to be improved at the management level in order to harmonize company and employee goals effectively.

Management development

Systematic identification and promotion of top performers and high potentials continued in 2009 despite the difficult environment. Particularly in times of change it is important to counteract an exodus of such talent by responding appropriately.

A number of activities to ensure top performers' loyalty to the company and systematic promotion were started in the network units. The above-mentioned human resources controlling system makes the success of those activities measurable and visible throughout the Group. As a result, turnover of these high potentials already declined in the period under review.

Succession planning for Managing Board members and management positions in the network banks continued to be improved systematically in the reporting period and extended to lower management levels. For the first time, the selection of possible successor candidates for the Managing Board level was supported Group-wide by a standardized potential analysis process. Development of candidates in the top talent pool – the potential future executives for the highest management levels – was also an important focus. Increasing professional depth through horizontal career opportunities and time-limited job rotation as well as systematically enhancing management qualifications were at the fore in that regard.

Another emphasis in 2009 was on needs-based and efficient continuing education of management personnel at the local and international levels. The offerings for top managers in that connection were particularly concerned with the topic of leading people through times of crisis.

A new leadership training architecture was introduced at the Group level in the reporting period. It is based on competence profiles for different target groups and forms the framework for all local, regional, and international management training measures. That ensures optimal coordination of all centralized and local programs and contributes substantially to harmonizing management talent development and hence management culture and standards.

Qualification remains in focus

Educational offering adjusted

Early on, Raiffeisen International identified changes in the educational needs of its employees due to the difficult business environment. It therefore shifted the focus of its educational offering already in the beginning of 2009 to topics such as customer service, risk management, restructuring of the loan portfolio, collections, and workout. In addition, competence in serving affluent customers was further increased through intensive training programs. Although educational budgets were also cut in the framework of Group-wide cost optimization, training intensity remained nearly at the level of the previous years as a result of shifting to less expensive training measures. Those included, for example, increased use of internal instead of external trainers, intensification of eLearning, and replacement of international with local training programs.

This adjustment of the training provision enabled 79 per cent of the employees to participate in at least one continuing educational measure in the reporting period.

eLearning expanded

The strategy established in the previous years of training a large number of employees flexibly and efficiently by way of eLearning was successfully continued in the reporting period. The basis for that is the Group-wide learning management system. The shared infrastructure furthermore enables the network banks to realize local eLearning activities as well.

At present, eLearning is already being used intensively in 10 network banks to train large groups of employees. That applies particularly to Belarus, Slovakia, Romania, Russia, and Ukraine.

Know-how transfer, exchange of information, and shared eLearning productions are being promoted through intensive, cross-border cooperation of eLearning experts. As a result, initial cost savings and quality improvements were already achieved in 2009.

Outlook

Economic prospects

After the deep recession in the first half of 2009, a significant recovery of the world economy started in the second half of the year. Major factors for the trend reversal in Europe included the support measures taken by various governments, the injection of liquidity by the ECB, the revival of exports, and the restocking of inventories. On the other hand, consumer demand is likely to recover slowly due to rising unemployment rates trailing the cyclical curve. Moreover, credit growth will probably continue to stagnate due to necessary further consolidation of the financial sector. Since some of the supporting effects will fade this year, real GDP growth of only 1.4 per cent in the euro area is expected for the full year 2010. That would put it just under the estimate for 2011 which is at 1.5 per cent, but it is nonetheless significantly above the minus 3.9 per cent reported for 2009.

The national economies of Central and Eastern Europe should also continue to lag significantly behind their growth potential in 2010. There are several factors responsible for this: the inflows of foreign direct investments are likely to be significantly below the level of the past years again in 2010. Furthermore, credit growth will probably turn out to be extremely moderate, and public budgets are likely to remain very heavily strained. Nevertheless, average real GDP growth of about 2.6 per cent is expected for the CEE national economies in 2010 (2009: minus 6.0 per cent).

Among the relatively new EU member states of Central Europe (Czech Republic, Hungary, Poland, Slovakia, and Slovenia), Poland probably remains the country with the best growth prospects. The Czech Republic, Slovakia, and Slovenia should also show positive GDP growth, but it is likely at best to match that of the euro area. Stagnation of GDP is expected for Hungary. Altogether, the region should achieve a plus of about 1.8 per cent on average (2009: minus 1.8 per cent) in 2010, and thus just above the GDP growth forecast for the eurozone area.

The transition countries in Southeastern Europe (Albania, Bosnia and Herzegovina, Bulgaria, Croatia, Romania, and Serbia) will probably continue to be forced to reduce their current account deficits, which are in some cases still high. Unlike before 2009, the financial sector is unlikely to be able to stimulate domestic consumer demand substantially. The state of public finances will probably also hardly allow any expansion of government capital spending. The region's average GDP growth in 2010 should thus come to only about 0.7 per cent (2009: minus 5.6 per cent).

The CIS countries (Belarus, Russia, and Ukraine) oriented to basic materials suffered the most from the global economic crisis. However, the decline of real GDP by almost 8.3 per cent in 2009 also lays the foundation for a significant recovery. Above all, the price of oil, which is very important for Russia, already rose sharply in the second half of 2009, and demand for steel recovered strongly. The region's average GDP growth should reach about 3.4 per cent.

The real economic environment should remain disinflationary in 2010 given that the CEE national economies are likely to lag considerably behind their growth potential, and unemployment rates are likely to show a further upwards trend. The sharpest inflation decline is expected in the CIS, where average inflation rates will probably not only fall significantly below the 10 per cent mark, but might hit their lowest level since the beginning of the transformation at about 7.0 per cent (2009: 12.9 per cent). The same applies to the transition states of Southeastern Europe, whose average inflation rate in 2010 should come to only about 4.0 per cent (2009: 4.7 per cent). Regarding the relatively new EU member states of Central Europe, an average inflation rate of about 2.6 per cent is forecast for 2010 (2009: 2.8 per cent).

Outlook for Raiffeisen International

The financial and economic crisis again had a big hand in shaping the past business year. The recession continued to dominate in the first few months, causing severe fluctuations of currency exchange rates in some of our target markets and affecting our business trend and actions in the entire year through higher provisioning for impairment losses and cost-cutting programs. Fortunately, however, economic development turned appreciably upward in the course of the year. Our business model, geared to universal bank services with a transparent product range strictly oriented to customer needs, consistently proved itself. As the financial crisis ebbed, the problems of procuring liquidity in the banking sector were also overcome. Nevertheless, the consequences of the economic crisis will continue to be felt for some time.

The broad diversification of our bank network in 15 countries again proved very advantageous in the crisis, because individual countries were affected quite differently. We remain committed to that and will expand our presence and business where we see appropriate growth potential. We hope to gain impetus from the expected economic recovery in the CEE region. That is likely to be stronger in Central Europe, Southeastern Europe, and Russia than in the CIS Other segment, where the recovery will probably start later due to continuing problems in Ukraine.

We further developed and considerably expanded our risk management in the past year and took extensive precautions for possible risks. We expect the rise of non-performing loans to continue in 2010, but their upward momentum appears to have broken with the onset of the economic recovery. The strict cost management introduced in the period under review will continue in 2010. Expansion of the business outlet network will move forward only selectively. Existing outlets may be closed or relocated, so the total number is likely to remain about the same in 2010.

Business with corporate customers proved to be the backbone of the Group in 2009. We aim to intensify lending business in this area selectively in 2010. Special attention will be given to business with customers in the mid-market segment and to selected industries. Moreover, fee and commission business will be strengthened further, for example, by means of targeted cross-selling.

In the retail customer division, we are striving for an increase in lending in 2010. The focus will initially be on cross-selling with selected loan offers such as consumer loans and credit cards. We also aim to increase customer deposits, for which we hope to gain positive impetus from the direct bank that is to begin operations in 2010. Another goal is to expand business with affluent private individuals, especially involving commission-related products.

Overall demand for credit will probably remain subdued in 2010, but from today's perspective, we expect a slight rise of lending to customers for Raiffeisen International in the course of the year.

Events after the balance sheet date

On 22 February 2010, Raiffeisen International published an ad-hoc release which addressed the issue of the examination of a potential merger between Raiffeisen International and RZB as one of several strategic options under review. At the time of the editorial deadline, no official decisions were made to implement any of these options.

Segment reports

Regional segments

Individual Central and Eastern European countries constitute Raiffeisen International's smallest cash generating units (CGUs). Countries that hold the prospect of similar long-term economic development and exhibit a similar economic profile are grouped together as regional segments. In view of the threshold values required by IFRS 8, four regional segments have been defined by means of which transparent and comprehensible reporting is achieved. The threshold values as defined by IFRS 8 are equivalent to 10 per cent, respectively, of operating income, profit after tax, and segment assets.

As of 31 December 2009, the following Group segments existed. The location of the respective business outlets served as the criterion for segment assignment:

■ Central Europe

This segment contains the five countries that joined the EU on 1 May 2004 – the Czech Republic, Hungary, Poland, Slovakia, and Slovenia. They represent not only the most fully developed banking markets in Central and Eastern Europe, but also the markets in which Raiffeisen International was present the earliest.

■ Southeastern Europe

Southeastern Europe includes Albania, Bosnia and Herzegovina, Croatia, Kosovo, Moldova, Serbia, as well as Bulgaria and Romania, which joined the EU on 1 January 2007. Moldova has been included in this segment due to its close economic ties to Romania and the respective management structures within the Group.

■ Russia

This segment includes the results of the Raiffeisen International companies in the Russian Federation. The Group is represented in Russia by a bank, a leasing company, and a capital management company, among others.

■ Commonwealth of Independent States (CIS) Other

This segment comprises Belarus, Kazakhstan, and Ukraine.

The figures stated in the segment report derive from the individual financial statements prepared according to IFRS and underlying the consolidated financial statements. Divergences from locally published data are possible, as the latter may be based on different valuation rules – within IFRS or between IFRS and accounting standards applicable in the individual countries – and on different scopes of consolidation.

Segment overview

Raiffeisen International's regional segments exhibited very different economic developments in the year under review. On the one hand, the mild recovery of the financial markets had a positive effect in Central Europe and Southeastern Europe, especially through market value appreciation of securities, bonds, and other interest and money market products. On the other hand, the effects of the economic crisis were clearly discernible in yearly comparison. The continuing difficult credit environment weighed heavily on earnings, especially in Ukraine and Hungary. The increase of non-performing loans found expression in a corresponding rise of provisioning for impairment losses. Overall, the earnings of all Raiffeisen International segments therefore declined in the year under review.

The regional segment of Southeastern Europe achieved the highest profit before tax in 2009, which amounted to € 260 million. That was based on a relatively satisfactory income from operating activities, whose decline by only 6 per cent year-on-year was the lowest of all the segments, and on a solid increase of net trading income. The segment's balance sheet assets fell by 7 per cent on the preceding year.

The regional segment of Central Europe achieved the second-highest profit before tax of all the segments, which amounted to € 234 million. Despite positive development of net trading income, it was burdened considerably by increased net allocations to provisioning for impairment losses. Balance sheet assets fell by 7 per cent on the preceding year.

In the Russia segment, profit before tax amounted to € 153 million. That represents a sharp decline on the preceding year, which resulted from significantly increased net allocations to provisioning for impairment losses and negative net trading income. The segment's balance sheet assets fell by 22 per cent year-on-year.

The CIS Other segment registered a loss before tax of € 126 million. Extensive net allocations to provisioning for impairment losses of € 514 million, with emphasis in Ukraine, and a decline of operating income gave rise to significantly negative influences. The segment's balance sheet assets were down sharply, by 22 per cent compared with 2008.

The regional structure of Group assets remained almost unchanged on the preceding year. The Central Europe segment continued to dominate with a share of 45 per cent. Southeastern Europe accounted for 31 per cent of Group assets, the second-largest share, followed by Russia with 16 per cent and CIS Other with 8 per cent.

Central Europe

in € million	2009	2008	Change
Net interest income	985	1,025	(3.8)%
thereof current income from associates	0	1	–
Provisioning for impairment losses	(487)	(265)	83.6%
Net interest income after provisioning	**498**	**760**	**(34.5)%**
Net fee and commission income	435	568	(23.4)%
Net trading income	89	56	60.2%
Net income from derivatives	(1)	(11)	(89.4)%
Net income from financial investments	37	2	>500%
General administrative expenses	(802)	(930)	(13.8)%
thereof staff costs	(378)	(455)	(16.8)%
thereof other administrative expenses	(348)	(389)	(10.6)%
thereof depreciation on intangible and tangible fixed assets	(75)	(86)	(12.0)%
Other net operating income	(22)	(10)	113.1%
Net income from disposal of Group assets	0	8	(99.0)%
Profit before tax	**234**	**442**	**(46.9)%**
Income taxes	(51)	(91)	(43.7)%
Profit after tax	**183**	**351**	**(47.7)%**
Minority interests in profit	(57)	(90)	(37.1)%
Profit after minorities	**127**	**261**	**(51.4)%**
Share of profit before tax	44.9%	26.9%	18.0 PP
Share of profit after tax	42.8%	27.5%	15.2 PP
Risk-weighted assets (credit risk)	21,493	23,533	(8.7)%
Own funds requirement	1,979	2,401	(17.6)%
Total assets	33,654	36,316	(7.3)%
Liabilities	31,021	33,910	(8.5)%
Risk/earnings ratio	49.5%	25.9%	23.6 PP
Cost/income ratio	53.9%	56.8%	(2.9) PP
Average equity	2,587	2,607	(0.8)%
Return on equity before tax	**9.1%**	**16.9%**	**(7.9) PP**
Return on equity after minorities	6.7%	13.4%	(6.7) PP
Average number of employees	13,517	13,265	1.9%
Business outlets	549	572	(4.0)%

In Central Europe, profit before tax amounted to € 234 million in 2009 and was thus 47 per cent, or € 208 million, below the preceding year's level. Increased net allocations to provisioning for impairment losses and a sharp decline of net fee and commission income by € 133 million to € 435 million were mainly responsible for that. The return on equity before tax fell by 7.9 percentage points to 9.1 per cent.

The segment's net interest income was down by 4 per cent to € 985 million. The Group unit in Poland registered the largest earnings decline, caused by increased interest expense for customer deposits due to intensified money market competition. Exchange rate effects had a decreasing influence on earnings in Hungary, although net interest income grew in local currency. The Group unit in the Czech Republic showed a considerable increase of net interest income, mainly due to improved margins on mortgage loans. The Group's assets fell by 7 per cent, and the net interest margin decreased by 24 basis points on the preceding year to 2.90 per cent. Credit risk-weighted assets declined 9 per cent year-on-year from € 23.5 billion to € 21.5 billion. That was brought about primarily by volume reductions in almost all countries of the region, while stronger collateral, particularly in new business, positively influenced credit risk-weighted assets.

The segment's net allocations to provisioning for impairment losses amounted to € 487 million in the year under review, after € 265 million in the preceding year. That represents an increase of 84 per cent, or € 222 million, which resulted mainly from sharply higher net allocations to individual provisions. Because of especially difficult economic conditions in Hungary, net allocations were necessary there in the amount of € 179 million, which made up almost half of the net allocations for the entire region. The remaining net allocations to individual provisions were to a large extent evenly distributed among the other countries of Central Europe. Net allocations to portfolio-based provisions roughly doubled in the year under review, for which again the Hungarian units were primarily responsible at € 88 million. This provisioning was mainly connected with loans to private individuals. The share of non-performing loans in the portfolio rose by 3.9 percentage points to 7.0 per cent.

Net fee and commission income decreased in nearly all countries of the region, which resulted in an overall decline of 23 per cent, or € 133 million, to € 435 million. Only in the Czech Republic was a considerable increase achieved, thanks to an aggressive pricing policy. A sharp fall in income from foreign exchange and notes/coins business, by 45 per cent to € 141 million, played a substantial part in the decline of net fee and commission income. The main reason for that was the introduction of the euro in Slovakia. Significantly negative influences also arose from a volume reduction of foreign exchange business in Poland, and diminishing new business in foreign currency loans especially in the first half of the year in Hungary. Net income from payment transfers and account services was down in all countries of the region, by 17 per cent to € 168 million. Securities business also contracted by 25 per cent year-on-year to € 29 million due to lower customer activity, especially in Hungary.

The Central Europe segment's net trading income amounted to € 89 million and was thus 60 per cent above the preceding year's level. Currency-based transactions, to which Hungary and Poland contributed substantially, accounted for € 58 million of that. In interest-based transactions, the region booked a net result of € 33 million, which came about mainly through valuation gains from interest rate swap transactions and from fixed-income bonds in Slovakia. Equity- and index-related business caused a loss of € 2 million, almost half of which was incurred in Hungary.

Net income from derivatives of minus € 1 million derived almost exclusively from hedging transactions in Hungary and the Czech Republic, which were used to adjust the currency structure. However, a loss in the Czech Republic was almost entirely offset by valuation gains in Hungary.

Net income from financial investments amounted to € 37 million and included proceeds of € 12 million from the cross-segment sale of a company in Slovakia, which was consolidated in the Group result. Moreover, this item includes valuation gains from securities in all Group units of the region, of which the largest occurred in the Czech Republic at € 8 million and in Slovakia at € 7 million.

General administrative expenses declined by 14 per cent, or € 128 million, year-on-year to € 802 million. This change was mainly based on a reduction of staff costs by 17 per cent to € 378 million, achieved primarily by means of bonus payment cuts. The average number of employees increased overall by 2 per cent on the preceding year to 13,517. Other administrative expenses fell by 11 per cent on the comparable period to € 348 million, and depreciation on intangible and tangible fixed assets sank by € 11 million to € 75 million. The number of business outlets was reduced by 4 per cent, or 23, on the preceding year to 549 locations. The segment's cost/income ratio improved significantly by 2.9 percentage points to 53.9 per cent.

The region's other net operating income came to minus € 22 million and mainly consisted of tax expenses not dependent on income in the amount of € 31 million, incurred primarily in the Hungarian and Slovakian units. Operating leasing business made a positive contribution of € 8 million.

Income taxes fell by 44 per cent on the comparable year to € 51 million. The tax rate in the region increased slightly, by 1 percentage point to 22 per cent. Profit after minorities amounted to € 127 million.

Czech Republic

The global slump in demand had significant effects on the Czech economy in 2009, since it has extensive external ties and focuses on the automotive sector, which was hit especially hard by the crisis. Although the Czech Republic already registered a turnaround in the second quarter of 2009 with positive growth in quarterly comparison, real GDP nevertheless shrank by 4.3 per cent for the year 2009. Besides the "cash-for-clunkers" programs that some Western European countries offered and a noticeable easing of fiscal policy, the robust Czech banking sector also played an important role in overcoming the recession. Total lending thus showed a slight increase in 2009. While loans to private individuals rose, those to corporate customers declined. The Czech koruna which was weak at over 29 Czech koruna per euro in February 2009, was among the currencies with the strongest rate increases in 2009 overall. The koruna rose by 1.75 per cent in the course of 2009, and increased by 11 per cent from its low in February to the end of 2009.

Founded in 1993, *Raiffeisenbank a.s.* has become the country's fifth-largest bank since its merger with *eBanka a.s.*, completed in 2008. The bank's product range extends from traditional banking business to building society plans and insurance to leasing. For many years, its focus has been on serving affluent customers and small and medium-sized enterprises.

At the end of 2009, Raiffeisen International in the Czech Republic had 2,638 employees serving about 408.000 customers in 111 branches. Profit after tax achieved in the reporting period of € 75 million, which was 40.1 per cent more than in the preceding year, confirms the dynamic development of Raiffeisen International in the Czech Republic. With a balance sheet total of € 7.7 billion, total deposits increased by 17.9 per cent to € 4.9 billion, while the loan portfolio grew by 4.7 per cent to € 5.7 billion. The cost-income ratio improved in the reporting period from 60.7 per cent to 52.4 per cent.

In the year under review, Raiffeisenbank began to implement a new core banking system and simultaneously was one of the first Group units to employ an early warning system in risk management. It is the only bank on the Czech market that offers its customers a current account with no maintenance fee, which it calls the "ekonto".

Measured in terms of profitability, 2009 was the most successful year in Raiffeisenbank's history. Global Finance awarded it the title of "Best Bank" in the Czech Republic in 2009.

At the end of 2009, Raiffeisen International owned 51 per cent of Raiffeisenbank. Furthermore, *Raiffeisenlandesbank Niederösterreich-Wien* and *Raiffeisenlandesbank Oberösterreich AG* held indirect stakes in the bank of 24 per cent and 25 per cent, respectively.

in € million	2009	2008	Change
Balance sheet total	7,739	7,198	7.5%
Loans and advances to customers	5,719	5,464	4.7%
thereof corporate customers in per cent	42.3%	46.8%	(4.5) PP
thereof retail customers in per cent	57.7%	53.2%	4.5 PP
thereof foreign currency loans in per cent	7.5%	8.6%	(1.1) PP
Deposits from customers	4,940	4,191	17.9%
Operating income	340	309	9.9%
Net interest income	245	211	16.1%
Net fee and commission income	92	88	4.1%
Net trading income	(3)	2	–
Other net operating income	7	8	(16.0)%
Provisioning for impairment losses	(72)	(53)	36.9%
General administrative expenses	(178)	(188)	(5.0)%
Profit before tax	96	68	41.4%
Profit after tax	75	53	40.1%
Return on equity before tax	23.0%	18.3%	4.7 PP
Return on equity after tax	18.0%	14.4%	3.6 PP
Cost/income ratio	52.4%	60.7%	(8.2) PP
Business outlets	111	107	3.7%
Number of employees	2,638	2,654	(0.6)%
Number of customers	407,900	411,400	(0.9)%

Hungary

The Hungarian economy has been going through a painful budget consolidation for some years. Since Hungary was one of the first countries that had to request financial assistance from the IMF and the EMU at the beginning of November 2008, it could not slacken its fiscal reins despite the economic crisis. The global collapse in demand therefore dealt the local economy an especially severe blow, and real GDP shrank by 6.3 per cent in 2009. Even in this very difficult environment, however, the total amount of outstanding loans declined only slightly. After devaluation in the first quarter to over HUF 300 per euro, the currency was able to recover in the further course of the year and rose by 14 per cent as of year's end.

Founded as *Unicbank* in 1986, *Raiffeisen Bank Zrt.* was Hungary's sixth-largest bank at the end of 2009. At the same time, it is one of the largest banks in Raiffeisen International's network. At the end of last year, it had 3,197 employees serving 660,000 customers in 145 business outlets. Those include not only private individuals and small and medium-sized enterprises, but also a large number of corporate customers. At year's end, loans to customers amounted to about € 6.5 billion, while deposits from customers came to € 4.9 billion. The balance sheet total stood at € 8.8 billion.

Raiffeisen Bank mainly focused in the year under review on active customer relationship management based on an innovative and extensive product range. At the same time, risk management was improved, and efficiency was enhanced by means of active cost management.

However, the difficult development of the Hungarian economy led to continuing deterioration of the credit environment in the past year. In line with the market trend, the result was a corresponding rise of provisioning for impairment losses, and particularly of portfolio-based provisions for loans to private individuals.

Expenses were reduced substantially in the year under review thanks to strict cost management. They mainly concerned reductions of staff costs by means of job cuts and lower bonuses. In addition, the closing of 19 business outlets, reorganization of processes, and integration of leasing business led to an appreciable lowering of other administrative expenses. Weaker turnover in securities business, lower volumes of foreign exchange transactions, and increased funding costs for customer deposits had an income-reducing effect in the past year.

in € million	2009	2008	Change
Balance sheet total	8,778	9,568	(8.3)%
Loans and advances to customers	6,452	7,186	(10.2)%
thereof corporate customers in per cent	55.2%	53.7%	1.5 PP
thereof retail customers in per cent	41.3%	42.8%	(1.5) PP
thereof foreign currency loans in per cent	76.3%	77.5%	(1.2) PP
Deposits from customers	4,941	5,654	(12.6)%
Operating income	465	486	(4.3)%
Net interest income	337	350	(3.5)%
Net fee and commission income	107	140	(23.7)%
Net trading income	35	9	296.3%
Other net operating income	(14)	(13)	10.4%
Provisioning for impairment losses	(272)	(110)	148.0%
General administrative expenses	(232)	(284)	(18.3)%
Profit/loss before tax	(25)	83	–
Profit/loss after tax	(17)	67	–
Return on equity before tax	–	14.5%	–
Return on equity after tax	–	11.7%	–
Cost/income ratio	49.9%	58.5%	(8.6) PP
Business outlets	145	164	(11.6)%
Number of employees	3,197	3,960	(19.3)%
Number of customers	660,200	657,100	0.5%

Poland

Poland was the only national economy in the EU to register positive real GDP growth overall for 2009 (plus 1.7 per cent year-on-year). A relatively large domestic economy compared with most other CEE countries and consequently lower dependence on export demand as well as a robust banking sector contributed to that. According to the latest data available at this report's editorial deadline, the Polish banking sector's total lending business increased slightly in the period to 30 September 2009. Set against an expansion of lending to private individuals was a slight decline of lending to corporate customers. After sharp devaluation of the zloty against the euro in the first half of the year, the Polish currency recovered strongly in the second half.

Raiffeisen has been present in the Polish market since the founding of *Raiffeisen Bank Polska S.A.* in 1991. The number of customers came to about 275,000 at the end of the year, and the number of employees to about 3,000. The balance sheet total reached € 6.2 billion. In addition to serving corporate customers and small and medium-sized enterprises, Raiffeisen Bank Polska has also focused attention as a universal bank on affluent customers in the past years. It has a consulting and service range tailored to their specific needs.

In the year under review, Raiffeisen International's total lending in Poland amounted to € 4.8 billion, and deposits increased by 0.2 per cent year-on-year to a total of € 3.5 billion. The loan-deposit ratio also improved because of the company's focus on acquiring and retaining customer deposits.

The expense of acquiring customer deposits rose significantly due to intensified competition on the money market since the beginning of the year. However, only part of the increase was passed on to customers. Consequently, net interest income in 2009 remained below the value of the previous year. Net trading income, on the other hand, turned out better than in the preceding year due to successful currency-related transactions. However, a decline of payment transfers and lower customer margins in foreign exchange business had an adverse effect on net fee and commission income.

Thanks to the relatively good development of the Polish economy, the rise of provisioning for impairment losses was kept to a manageable extent in the year under review, particularly in the case of loans to private individuals. Considerable expense reductions were achieved by means of efficient cost management. The number of employees declined by 8.1 per cent year-on-year to 3,007, with targeted increases of personnel capacities in risk management including early warning systems.

Despite the difficult market environment for leasing business in Poland, Raiffeisen International maintained its position as the third-largest provider in that area in the past year with a portfolio of about € 1.3 billion. In factoring, Raiffeisen International continued to be among the country's market leaders in 2009. Raiffeisen Bank Polska has operated successfully for years in the area of mutual fund sales.

in € million	2009	2008	Change
Balance sheet total	6,241	7,108	(12.2)%
Loans and advances to customers	4,820	5,319	(9.4)%
thereof corporate customers in per cent	69.8%	71.8%	(2.1) PP
thereof retail customers in per cent	30.3%	28.2%	2.1 PP
thereof foreign currency loans in per cent	38.4%	36.8%	1.6 PP
Deposits from customers	3,524	3,516	0.2%
Operating income	273	386	(29.3)%
Net interest income	123	178	(30.9)%
Net fee and commission income	121	173	(30.1)%
Net trading income	33	27	22.3%
Other net operating income	(3)	8	–
Provisioning for impairment losses	(76)	(57)	32.8%
General administrative expenses	(150)	(199)	(25.0)%
Profit before tax	45	129	(65.0)%
Profit after tax	34	103	(67.3)%
Return on equity before tax	8.2%	25.7%	(17.7) PP
Return on equity after tax	6.1%	20.5%	(14.5) PP
Cost/income ratio	54.8%	51.6%	3.1 PP
Business outlets	124	123	0.8%
Number of employees	3,007	3,271	(8.1)%
Number of customers	274,600	290,200	(5.4)%

Slovakia

The national economy of Slovakia, which became the second new EU member state to join the euro area on 1 January 2009, was hard hit by the global slump in demand because of the great importance of its export industry and strong orientation to the automotive sector. Real GDP shrank in 2009 by 4.7 per cent year-on-year. However, the country overcame the recession in the second quarter of 2009 and achieved the strongest GDP growth of all EU member states with a plus of 1.1 per cent on the preceding quarter. In addition to the "cash-for-clunkers" programs set up in a number of Western European countries and a notable easing of fiscal policy, the switch to the euro and a robust banking sector also contributed to that. Total lending in the Slovakian banking sector showed a slight increase as of 30 September 2009. Set against a significant expansion of lending to private individuals was a slight decline of lending to corporate customers.

Founded in 1991 as Slovakia's first private bank, *Tatra banka a.s.* ranked third in the market at the end of 2009. Listed on the Bratislava Stock Exchange, Tatra banka was especially successful in business with both corporate and retail customers in 2009. Serving affluent customers is one activity that the bank has focused on since its beginning. Subsidiaries in the areas of fund management and leasing complete the range of services which this comprehensive financial group covers.

At the beginning of 2009, Tatra banka successfully coped with the introduction of the euro, which had posed a great challenge in the run-up for all banks in Slovakia.

At the end of the reporting period, Raiffeisen International in Slovakia had over 152 business outlets, 3,601 employees, and about 742,000 customers. With a balance sheet total of € 9.3 billion, total deposits declined in 2009 by 9.8 per cent to € 6.7 billion, while the loan portfolio fell by 6.1 per cent to € 5.8 billion. Taking into account one-off effects due to the selling of a subsidiary, profit after tax amounted to about € 91 million. The cost-income ratio rose, among other things, because of the costs of introducing the euro from 53.3 per cent in the previous year to 57.4 per cent.

Tatra banka outsourced its back office to Presov in 2009 with the aim of streamlining business processes, and it plans to implement the concept of outsourcing in other areas as well to improve its cost-income ratio.

Moody's gave the bank a foreign currency deposit rating in 2009 of A2 with a negative outlook. Tatra banka was honored as the country's "Best Bank" and "Best Consumer Internet Bank" by Global Finance in 2009.

After a capital increase in mid-2009, Raiffeisen International owned 66 per cent of Tatra banka as of year's end. The rest of the shares were held indirectly by *Raiffeisenlandesbank Niederösterreich-Wien AG* and employees of the bank or were in free float.

in € million	2009	2008	Change
Balance sheet total	9,324	10,973	(15.0)%
Loans and advances to customers	5,835	6,215	(6.1)%
thereof corporate customers in per cent	54.3%	54.7%	(0.5) PP
thereof retail customers in per cent	45.8%	45.3%	0.5 PP
thereof foreign currency loans in per cent	1.5%	21.0%	(19.5) PP
Deposits from customers	6,726	7,454	(9.8)%
Operating income	375	432	(13.2)%
Net interest income	252	261	(3.7)%
Net fee and commission income	110	160	(31.3)%
Net trading income	24	17	41.8%
Other net operating income	(11)	(7)	67.5%
Provisioning for impairment losses	(62)	(45)	39.1%
General administrative expenses	(215)	(230)	(6.5)%
Profit before tax	117	157	(25.3)%
Profit after tax	91	124	(26.2)%
Return on equity before tax	18.7%	28.9%	(10.2) PP
Return on equity after tax	14.6%	22.8%	(8.3) PP
Cost/income ratio	57.4%	53.3%	4.1 PP
Business outlets	152	162	(6.2)%
Number of employees	3,601	3,885	(7.3)%
Number of customers	742,000	744,200	(0.3)%

Slovenia

Because of its relatively heavy dependence on exports, the Slovenian economy was hard hit by the global slump in demand in 2009. Among the new EU member states of Central Europe, Slovenia showed the sharpest decline of real GDP with minus 8.0 per cent for the full year of 2009. Since the country had already joined the euro area in 2007, the economic crisis affected the local banking sector less severely than it did in a number of other Central and Eastern European countries. By the end of the third quarter of 2009, it registered an increase of total lending, including both private individuals and corporate customers.

Founded in 1992, *Krekova banka* was taken over by Raiffeisen in 2002 and renamed *Raiffeisen Banka d.d.* in 2007. Measured in terms of balance sheet total, it ranked 11th of all Slovenian banks at the end of the past year and offers its customers a full range of financial services as a universal bank.

Raiffeisen Banka stepped up its affluent banking strategy in 2009 after a successful pilot program in 2008. In addition, it gave increased attention in 2009 to serving small and medium-sized enterprises.

As of 31 December 2009, Raiffeisen International in Slovenia had 352 employees, serving around 67,000 customers in 17 business outlets. Loans to customers amounted to € 1.2 billion at year's end. Set against that were deposits from customers of € 528 million. The balance sheet total came to € 1.6 billion.

In October 2009, Raiffeisen Banka officially opened its new corporate headquarters in Maribor, whose design greatly emphasizes ecologically sustainable construction. The new building thus underscores the forward-looking dedication of Raiffeisen International in Slovenia.

With 86.3 per cent, Raiffeisen International was Raiffeisen Banka's largest shareholder at the end of 2009. Except for a small free float, the remaining shares are held indirectly by *Raiffeisen-Landesbank Steiermark AG* and *Raiffeisenlandesbank Burgenland und Revisionsverband registrierte Genossenschaft mit beschränkter Haftung.*

in € million	**2009**	**2008**	**Change**
Balance sheet total	1,583	1,509	4.9%
Loans and advances to customers	1,233	1,179	4.6%
thereof corporate customers in per cent	68.6%	69.1%	(0.5) PP
thereof retail customers in per cent	31.4%	30.9%	0.5 PP
thereof foreign currency loans in per cent	13.6%	19.8%	(6.2) PP
Deposits from customers	528	545	(3.2)%
Operating income	32	32	(0.4)%
Net interest income	25	24	4.1%
Net fee and commission income	6	7	(15.1)%
Net trading income	1	1	15.5%
Other net operating income	0	1	(35.6)%
Provisioning for impairment losses	(6)	(2)	268.5%
General administrative expenses	(26)	(28)	(6.4)%
Profit before tax	1	4	(73.0)%
Profit after tax	1	3	(76.7)%
Return on equity before tax	1.5%	6.0%	(4.5) PP
Return on equity after tax	0.9%	4.3%	(3.4) PP
Cost/income ratio	82.4%	87.6%	(5.2) PP
Business outlets	17	16	6.3%
Number of employees	352	344	2.3%
Number of customers	67,400	71,600	(5.9)%

Southeastern Europe

in € million	2009	2008	Change
Net interest income	896	947	(5.4)%
thereof current income from associates	3	0	–
Provisioning for impairment losses	(414)	(159)	160.1%
Net interest income after provisioning	**482**	**788**	**(38.8)%**
Net fee and commission income	398	463	(14.1)%
Net trading income	88	57	54.8%
Net income from derivatives	0	(5)	–
Net income from financial investments	8	(19)	–
General administrative expenses	(741)	(773)	(4.2)%
thereof staff costs	(326)	(344)	(5.5)%
thereof other administrative expenses	(317)	(339)	(6.5)%
thereof depreciation on intangible and tangible fixed assets	(98)	(90)	9.6%
Other net operating income	24	23	4.9%
Profit before tax	**260**	**534**	**(51.3)%**
Income taxes	(35)	(84)	(59.0)%
Profit after tax	**226**	**450**	**(49.8)%**
Minority interests in profit	(16)	(21)	(23.9)%
Profit after minorities	**209**	**429**	**(51.1)%**
Share of profit before tax	49.9%	32.5%	17.3 PP
Share of profit after tax	52.6%	35.3%	17.3 PP
Risk-weighted assets (credit risk)	16,437	18,939	(13.2)%
Own funds requirement	1,529	1,704	(10.3)%
Total assets	23,573	25,239	(6.6)%
Liabilities	20,808	22,488	(7.5)%
Risk/earnings ratio	46.2%	16.8%	29.4 PP
Cost/income ratio	52.7%	51.9%	0.8 PP
Average equity	2,038	2,072	(1.6)%
Return on equity before tax	**12.8%**	**25.8%**	**(13.0) PP**
Return on equity after minorities	11.6%	23.3%	(11.7) PP
Average number of employees	18,282	18,261	0.1%
Business outlets	1,204	1,184	1.7%

In Southeastern Europe, profit before tax fell in 2009 by 51 per cent, or € 274 million, on the preceding year and amounted to € 260 million. Net allocations to provisioning for impairment losses were sharply increased from the preceding year's level due to the GDP slump in some countries of the region, which burdened earnings significantly. Consequently, the return on equity before tax declined by 13.0 percentage points to 12.8 per cent.

The segment's net interest income fell by 5 per cent, or € 51 million, to € 896 million. Increased funding costs in Romania, especially for customer deposits but also for loans from banks, were primarily responsible for that. In Serbia, a sharp decline of loans and advances to customers combined with higher funding costs likewise led to a reduction of interest income by 12 per cent. The net interest margin narrowed by 25 basis points to 3.70 per cent. Credit risk-weighted assets fell by 13 per cent from € 18.9 billion to € 16.4 billion, while the balance sheet total decreased by only 7 per cent. The disproportionate decline of credit risk-weighted assets was mainly a consequence of the reduction of off-balance sheet items in the region's Group units. The Basel II internal ratings-based approach (IRB) was applied for the first time to certain asset classes in Romania as of July 2009 and in Croatia as of October 2009. However, that did not result in a reduction of risk-weighted assets.

Net allocations to provisioning for impairment losses rose in 2009 by € 255 million to € 414 million, primarily because of net allocations to individual provisions. In Romania, where the highest net allocations were registered, that mainly concerned loans to private individuals. In Croatia and Bulgaria, on the other hand, net allocations for loans to corporate customers increased significantly. Portfolio-based provisions were likewise formed in all Group units of the region, but net allocations for that remained overall € 26 million below the preceding year's level. The share of non-performing loans in the portfolio increased by 4.2 percentage points on the preceding year to 6.5 per cent and was thus the lowest of all the regions.

Net fee and commission income was down by 14 per cent year-on-year to € 398 million. Payment transfers contributed € 171 million to that and were thus 2 per cent above the preceding year's level. The Group unit in Romania, still the strongest fee and commission earner, made the largest contribution at € 89 million, for which commissions on credit cards and payment transactions, money transfers with Western Union, and other bank transactions were primarily responsible. Income from foreign exchange and notes/coins business fell by 22 per cent to € 79 million. Furthermore, lending and guarantee business generated € 67 million, nearly all of which was achieved in Romania.

Net trading income registered positive development in Southeastern Europe in 2009 and rose from € 57 million in the preceding year to € 88 million. Currency-based transactions made a significant contribution of € 69 million to that. A considerable € 44 million of which derived from the valuation of cross-currency interest rate swaps, which had been used in Romania to hedge foreign currency loans to customers. In Croatia, the country with the region's largest trading portfolio, the valuation of various derivative financial instruments led to profits in the amount of € 28 million. In interest-based transactions, a profit of € 20 million was registered, which was spread evenly among the region's countries. Mostly positive adjustments of the securities portfolio to market values led to an offset of the valuation losses registered in the preceding periods.

Net income from financial investments rose to € 8 million, after having turned out negative in the preceding year. This increase was based on the appreciation of securities. Valuation gains from fixed-income bonds in Romania in the amount of € 11 million contributed especially to that.

At a total of € 741 million, general administrative expenses remained 4 per cent below the preceding year's level. Staff costs fell by € 18 million to € 326 million, while the average number of employees remained almost unchanged on the preceding year. Other administrative expenses were down by 7 per cent on the preceding year at € 317 million. Depreciation on intangible and tangible fixed assets, mostly for branch investments, increased by 10 per cent to € 98 million. Beginning from 1,184 business outlets at the end of the preceding year, their number rose by 2 per cent to 1,204. The cost/income ratio increased slightly, by 0.8 percentage points to 52.7 per cent.

At € 24 million, other net operating income remained almost unchanged in comparison with the preceding year. Besides minor expense items, that mainly included income from operating leasing business in the amount of € 31 million, which was achieved predominantly in Croatia.

Income taxes fell by 59 per cent on the preceding year to € 35 million. At 13 per cent, the tax rate in the region remained 3 percentage points below the preceding year's level. Profit after minorities amounted to € 209 million.

Albania

Because of low external economic ties, robust domestic demand, and a stable banking sector, Albania was, along with Poland, the second European national economy to achieve positive real GDP growth in 2009. According to most recent data available at this report's editorial deadline, the local banking sector achieved slight growth of total lending, especially in business with corporate customers, as of 30 September 2009. Nevertheless, Albania still shows the lowest GDP per capita among the national economies of Central and Eastern Europe. By officially submitting its application for accession in May 2009, the country took the next important step toward EU membership.

Raiffeisen International has been represented in the Albanian market since 2004 by *Raiffeisen Bank Sh.a.*, which was founded in 1992 as *Banka e Kursimeve i Shqipërisë*. At the end of 2009, it was the country's leading bank and offers financial services in all business areas as a universal bank. Its focus in 2009 was on expanding services provided to affluent customers.

Raiffeisen International in Albania has a countrywide distribution network with 104 branches. It had 1,326 employees serving around 575,000 customers at the end of 2009.

On a balance sheet total of € 1.8 billion, loans to customers at the end of 2009 were above the level of the previous year at € 683 million. Set against that were customer deposits of € 1.5 billion.

By acquiring the leading Albanian private pension fund, *American Institute of Supplementary Private Pensions*, Raiffeisen Bank also succeeded in entering the pension fund market in 2009. As a 100 per cent subsidiary, this company now offers private pension products under the name *Raiffeisen Pensions Sh.a.*

Founded in 2006, subsidiary *Raiffeisen Leasing Sh.a.* successfully defended its leading market position in the period under review.

Last year, Raiffeisen Bank was once again named "Best Bank" by Euromoney and "Bank of the Year 2009" by The Banker.

in € million	2009	2008	Change
Balance sheet total	1,842	2,048	(10.1)%
Loans and advances to customers	683	692	(1.2)%
thereof corporate customers in per cent	57.0%	49.9%	7.1 PP
thereof retail customers in per cent	40.6%	48.0%	(7.4) PP
thereof foreign currency loans in per cent	56.7%	66.1%	(9.4) PP
Deposits from customers	1,505	1,745	(13.8)%
Operating income	100	100	0.7%
Net interest income	82	82	(0.1)%
Net fee and commission income	8	12	(31.5)%
Net trading income	9	8	14.5%
Other net operating income	1	(2)	–
Provisioning for impairment losses	(29)	(14)	108.8%
General administrative expenses	(33)	(40)	(17.5)%
Profit before tax	39	46	(15.9)%
Profit after tax	35	41	(16.0)%
Return on equity before tax	29.1%	37.8%	(8.8) PP
Return on equity after tax	26.0%	33.8%	(7.8) PP
Cost/income ratio	32.6%	39.8%	(7.2) PP
Business outlets	104	102	2.0%
Number of employees	1,326	1,427	(7.1)%
Number of customers	574,900	531,700	8.1%

Bosnia and Herzegovina

Since its introduction in 1997, the convertible mark has been pegged to the Deutsche Mark and subsequently to the euro. The country's banking sector was thus not affected by currency devaluation in the economic crisis in contrast to other Central and Eastern European countries. Bosnia and Herzegovina drew financial assistance from the IMF in July 2009. As of 30 September 2009, the total amount of outstanding loans was practically unchanged in comparison with the end of 2008. Real GDP registered a decline of around 4.0 per cent for the full year 2009.

Raiffeisen has been represented in Bosnia and Herzegovina since acquiring Market Banka in 2000. *Raiffeisen Bank d.d. Bosna i Hercegovina* emerged from that and quickly advanced to become the country's leading bank. Measured in terms of balance sheet total, it occupied first place among local banks in the past year. Raiffeisen International owns 97 per cent of the bank, and 3 per cent is held indirectly by *Raiffeisen-Landesbank Steiermark AG.*

The year 2009 was shaped for Raiffeisen International in Bosnia and Herzegovina by reorganization of business with private individuals, to which services for affluent customers were added. Furthermore, the successful strategy in the area of small and medium-sized enterprises was continued.

In the past year, Raiffeisen International was represented countrywide in Bosnia and Herzegovina with 101 business outlets, and it had 1,655 employees serving 716,000 customers. The balance sheet total stood at about € 2.3 billion on 31 December 2009. Total loans to customers came to € 1.4 billion on the balance sheet date.

Raiffeisen International reinforced its status as a successful all-finance institution with subsidiaries *Raiffeisen Leasing d.o.o.* and *Raiffeisen Brokers d.o.o.*

In the year under review, Raiffeisen Bank was honored by Euromoney as the "Best Bank" in Bosnia and Herzegovina. It also received that title for the sixth consecutive time from Global Finance. It was named "Bank of the Year 2009" by The Banker.

in € million	2009	2008	Change
Balance sheet total	2,325	2,395	(2.9)%
Loans and advances to customers	1,393	1,671	(16.6)%
thereof corporate customers in per cent	37.5%	37.0%	0.5 PP
thereof retail customers in per cent	62.5%	63.0%	(0.5) PP
thereof foreign currency loans in per cent	74.1%	73.3%	0.8 PP
Deposits from customers	1,605	1,510	6.3%
Operating income	94	103	(8.9)%
Net interest income	67	77	(12.4)%
Net fee and commission income	27	28	(3.0)%
Net trading income	0	(1)	–
Other net operating income	(1)	0	–
Provisioning for impairment losses	(13)	(9)	35.2%
General administrative expenses	(65)	(66)	(2.0)%
Profit before tax	17	28	(41.1)%
Profit after tax	16	16	(4.0)%
Return on equity before tax	7.9%	15.0%	(7.2) PP
Return on equity after tax	7.4%	8.7%	(1.3) PP
Cost/income ratio	69.1%	64.3%	4.9 PP
Business outlets	101	100	1.0%
Number of employees	1,655	1,776	(6.8)%
Number of customers	716,100	739,700	(3.2)%

Bulgaria

Like Romania, Bulgaria acceded to the EU at the beginning of 2007. The Bulgarian lev has been firmly pegged to the euro (originally to the Deutsche Mark) since 1997, which caused Bulgaria to be spared currency devaluation due to the economic crisis. Nevertheless, the Bulgarian economy was not able to decouple from the global slump in demand because of its extensive foreign trade relationships. The country consequently registered a decline of real GDP by 5.1 per cent in 2009 and was forced by the recession to report a budget deficit for the first time in six years. As of 30 September 2009, the combined total of outstanding loans to private individuals and corporate customers was practically unchanged in comparison with the end of 2008.

Raiffeisenbank (Bulgaria) EAD was founded in 1994 and is owned 100 per cent by Raiffeisen International. It operates in a very competitive market, where it ranks fourth in terms of balance sheet total. As a universal bank focusing on large customers and on small and medium-sized enterprises, it rounds out its product range with subsidiary *Raiffeisen Asset Management (Bulgaria) EAD*, which successfully defended its position in the reporting period as market leader in terms of assets under management.

At the end of 2009, Raiffeisen International in Bulgaria had a balance sheet total of € 4.0 billion, 3,282 employees, and a network of 199 business outlets. In addition, distribution has been supplemented for years by mobile bankers, who sell the bank's products to customers on a contract basis. The number of customers reached a total of around 706,000, which amounts to an increase of around 53,500 customers in 2009. Total lending amounted to about € 3 billion at the end of the year, and customer deposits came to € 2.1 billion. Provisioning for impairment losses increased in 2009, following the market trend.

Raiffeisen International in Bulgaria improved its cost-income ratio in the reporting period from the previous level of 47.4 per cent to 43.7 per cent. Profit after tax amounted to € 41 million.

The foreign currency deposit rating published by Moody's for Raiffeisenbank is Baa3 with a negative outlook. In 2009, Raiffeisenbank was awarded the title of "Best Bank" in Bulgaria by Global Finance.

in € million	2009	2008	Change
Balance sheet total	3,998	4,766	(16.1)%
Loans and advances to customers	2,953	3,364	(12.2)%
thereof corporate customers in per cent	31.2%	28.3%	2.9 PP
thereof retail customers in per cent	68.8%	71.7%	(2.9) PP
thereof foreign currency loans in per cent	66.3%	63.7%	2.6 PP
Deposits from customers	2,143	2,230	(3.9)%
Operating income	233	206	13.2%
Net interest income	192	178	7.7%
Net fee and commission income	36	26	37.6%
Net trading income	4	0	>500%
Other net operating income	0	1	(47.4)%
Provisioning for impairment losses	(86)	(28)	213.0%
General administrative expenses	(102)	(97)	4.4%
Profit before tax	44	78	(43.6)%
Profit after tax	41	70	(41.1)%
Return on equity before tax	10.7%	23.4%	(12.7) PP
Return on equity after tax	10.0%	21.0%	(11.0) PP
Cost/income ratio	43.7%	47.4%	(3.7) PP
Business outlets	199	197	1.0%
Number of employees	3,282	3,708	(11.5)%
Number of customers	706,500	652,900	8.2%

Croatia

Now that EU accession negotiations have resumed, Croatia has realistic chances of becoming an EU member state in 2012. Although the tourist season went satisfactorily in 2009, the country was not spared the consequences of the economic crisis, and it registered a decline of real GDP by 5.8 per cent in the same year. Despite high foreign debt, however, Croatia did not have to draw assistance from the IMF. As of 30 September 2009, the local banking sector registered a slight decline of total lending. Set against a slight rise of loans to corporate customers was a slight decline of loans to private individuals. After a weak phase in the first quarter of 2009, the Croatian kuna recovered significantly in the course of the year.

Raiffeisenbank Austria d.d. was founded in 1994 as the first foreign bank in Croatia. Fifteen years later, Raiffeisen International is established as one of the top names in the country, not only for large and medium-sized corporate customers, but in recent years also to a greater extent for micro businesses and private individuals. Raiffeisen International was the largest shareholder of Raiffeisenbank Austria at the end of 2009 with a stake of 73 per cent in 2009, and together several Raiffeisen Landesbanken indirectly held another 24 per cent. The remaining shares were owned by employees.

Raiffeisenbank Austria's branch network was further expanded in 2009 and comprised 85 branches at year's end. That represents a plus of 6 locations in comparison with the end of 2008. The number of employees countrywide stood at 2,225, while customers came to almost 602,000.

Lending to customers amounted to € 3.7 billion at the end of the year. Set against that were customer deposits of € 3.0 billion.

Raiffeisen International in Croatia offers its customers a wide range of services by way of several successful subsidiaries, including *Raiffeisen Leasing d.o.o.*, pension fund *Raiffeisen mirovinsko društvo d.d.*, and asset management company *Raiffeisen Invest d.o.o.* Associated Group companies like *Raiffeisen Bausparkasse* also contributed substantially to the success of Raiffeisen International in Croatia.

in € million	**2009**	**2008**	**Change**
Balance sheet total	5,900	5,984	(1.4)%
Loans and advances to customers	3,742	3,921	(4.5)%
thereof corporate customers in per cent	43.0%	39.0%	4.0 PP
thereof retail customers in per cent	56.6%	61.0%	(4.4) PP
thereof foreign currency loans in per cent	73.6%	72.1%	1.5 PP
Deposits from customers	2,968	3,296	(10.0)%
Operating income	291	246	18.2%
Net interest income	152	145	4.4%
Net fee and commission income	75	75	(0.6)%
Net trading income	36	2	>500%
Other net operating income	28	24	19.3%
Provisioning for impairment losses	(71)	(13)	428.4%
General administrative expenses	(152)	(151)	1.3%
Profit before tax	67	76	(11.3)%
Profit after tax	53	61	(12.8)%
Return on equity before tax	9.1%	11.7%	(2.6) PP
Return on equity after tax	7.2%	9.3%	(2.2) PP
Cost/income ratio	52.4%	61.2%	(8.8) PP
Business outlets	85	79	7.6%
Number of employees	2,225	2,333	(4.6)%
Number of customers	601,700	582,200	3.3%

Kosovo

According to an IMF estimate, real GDP in Kosovo grew in 2009 by 3.8 per cent, after a plus of 5.4 per cent in the preceding year. The effects of the economic crisis on the country's banking sector were thus limited, to which its comparatively early stage of development and a favorable loan-deposit ratio contributed. However, the budget showed a deficit due to a slow-down in growth, and consumer price inflation temporarily fell into negative territory.

The full takeover of American Bank of Kosovo, founded in November 2001, and renaming of it to *Raiffeisen Bank Kosovo J.S.C.* by Raiffeisen International was completed in 2003.

According to data from local banking authorities, Raiffeisen Bank Kosovo was the country's second-largest bank in 2009. With a balance sheet total of € 672 million, it had 51 banking outlets and 668 employees at the end of the reporting period. Mobile bankers have supplemented that broad presence in the country since 2008. The number of customers increased by 20.8 per cent in the reporting period to around 277,000.

Total deposits were up as of 31 December 2009 by 10.6 per cent year-on-year to € 548 million, while the loan portfolio shrank by 12.5 per cent to € 372 million. The cost-income ratio in Kosovo amounted to 53.1 per cent, and profit after tax to € 7 million.

The Kosovo network bank focused in 2009 on expanding business with affluent customers. At the same time, with a market share of about 28 per cent, it successfully defended its leading position in the segment of small and medium-sized enterprises.

For the second time in a row, Euromoney selected Raiffeisen Bank Kosovo as the country's "Best Bank" in 2009.

in € million	2009	2008	Change
Balance sheet total	672	598	12.4%
Loans and advances to customers	372	424	(12.5)%
thereof corporate customers in per cent	27.0%	26.3%	0.7 PP
thereof retail customers in per cent	72.9%	73.7%	(0.8) PP
thereof foreign currency loans in per cent	0.0%	0.0%	0.0 PP
Deposits from customers	548	495	10.6%
Operating income	46	53	(13.1)%
Net interest income	39	47	(16.1)%
Net fee and commission income	6	7	(4.1)%
Net trading income	0	0	(228.5)%
Other net operating income	0	0	(136.5)%
Provisioning for impairment losses	(13)	(4)	256.1%
General administrative expenses	(24)	(24)	2.1%
Profit before tax	7	20	(64.1)%
Profit after tax	7	15	(53.3)%
Return on equity before tax	11.0%	34.7%	(23.7) PP
Return on equity after tax	10.5%	25.5%	(15.0) PP
Cost/income ratio	53.1%	45.2%	7.9 PP
Business outlets	51	47	8.5%
Number of employees	668	720	(7.2)%
Number of customers	276,800	229,100	20.8%

Romania

The third quarter of 2009 was the fourth in a row in which the Romanian economy contracted, although the important agricultural sector delivered a positive surprise. For the full year, real GDP in Romania registered a decline of 7.2 per cent. After the country received financial assistance from the IMF and the EU in May 2009, international banks operating in Romania agreed not to reduce lending as far as possible. That helped bring about a slight increase of lending to both private individuals and corporate customers as of 30 September 2009. After devaluation at the end of 2008, the Romanian lei was kept largely stable by the central bank in 2009 and recovered further toward the end of the year.

Raiffeisen opened up the Romanian market in 1998 with the founding of *Raiffeisen Bank S.A.* At the end of 2009, Raiffeisen International in Romania had a balance sheet total of € 6.2 billion and 6,235 employees. Merged with *Banca Agricola S.A.* in 2002, Raiffeisen Bank now ranks fifth among local banks. As a universal bank, it provides high-quality financial services and products to almost 2 million customers by way of a countrywide branch network, which was expanded slightly in 2009.

The balance sheet total declined in 2009 by 6.0 per cent mainly because of measures to consolidate the loan portfolio. Loans to customers fell by 9.6 per cent in the reporting period to about € 4.2 billion. Set against that at the end of 2009 were customer deposits of € 3.3 billion.

In the year under review, Raiffeisen Bank concentrated on strengthening deposit business and its house bank functions for primary customers in all business areas. In retail business, more attention was focused on affluent customers and small businesses, while in the case of corporate customers, the bank stepped up customer business that requires less capital to support, including cash management products, for example.

The difficult situation of the Romanian real economy led in 2009 to an increase of provisioning for impairment losses, and particularly for loans to private individuals. Lower margins on customer deposits and on deposits from banks led to a decline of net interest income in the past year. Extensive cost-cutting measures led to a significant personnel reduction by over 660 employees compared with the preceding year (minus 9.6 per cent). Also in reaction to the crisis, business processes were further centralized, and risk management strengthened.

Besides banking business, Raiffeisen International in Romania is one of the leading providers in the areas of asset management, leasing, insurance, and building society plans. Raiffeisen Bank's foreign currency deposit rating published by Moody's was Baa3 with a stable outlook. Apart from a small free float, Raiffeisen Bank was owned by Raiffeisen International as of 31 December 2009.

in € million	2009	2008	Change
Balance sheet total	6,164	6,561	(6.0)%
Loans and advances to customers	4,154	4,594	(9.6)%
thereof corporate customers in per cent	34.4%	37.4%	(3.0) PP
thereof retail customers in per cent	60.8%	57.5%	3.3 PP
thereof foreign currency loans in per cent	62.6%	66.2%	(3.6) PP
Deposits from customers	3,278	3,525	(7.0)%

Operating income	481	561	(14.2)%
Net interest income	244	282	(13.5)%
Net fee and commission income	206	237	(12.8)%
Net trading income	36	44	(18.3)%
Other net operating income	(5)	(2)	147.8%
Provisioning for impairment losses	(166)	(57)	192.7%
General administrative expenses	(276)	(299)	(7.5)%
Profit before tax	50	193	(74.3)%
Profit after tax	40	161	(75.4)%
Return on equity before tax	12.5%	46.6%	(33.6) PP
Return on equity after tax	10.0%	39.0%	(28.6) PP
Cost/income ratio	57.5%	53.3%	4.1 PP
Business outlets	563	557	1.1%
Number of employees	6,235	6,899	(9.6)%
Number of customers	1,913,500	2,011,000	(4.8)%

Serbia

Serbia officially filed its application for EU membership in December 2009. In the context of the economic crisis, the local economy held up well, with real GDP declining by 3.0 per cent year-on-year. Serbia had already received financial assistance from the IMF in January 2009, which was replenished in May 2009. In the process, international banks agreed as far as possible not to reduce lending. As a result, Serbia's total lending rose slightly by the end of the third quarter of 2009. After the currency's devaluation at the end of 2008, the central bank kept the Serbian dinar largely stable in 2009.

In the eighth year since its founding, *Raiffeisen banka a.d.* was again one of Serbia's leading commercial banks. Its leading role was supported by a wide range of banking products and services and not least by subsidiary *Raiffeisen Leasing d.o.o.,* pension fund *Raiffeisen Future a.d.,* and asset management company *Raiffeisen Invest a.d.*

At the end of 2009, Raiffeisen International in Serbia had 1,982 employees and about 586,000 customers. Raiffeisen banka is one of the country's most important banks for corporate customers and private individuals. With a balance sheet total of about € 2.8 billion, loans to customers reached about € 1.4 billion at the end of the reporting year, and funding was mainly accomplished by means of customer deposits of over € 1.1 billion.

Raiffeisen banka's focus in 2009 was on further developing its product range. Once again, the bank demonstrated innovativeness in that regard and so reinforced its pioneering role in the local market. Raiffeisen was thus among the first banks in Serbia last year to offer their customers interest rate swaps to hedge risks of interest rate change.

Well-known financial magazines such as Euromoney and Global Finance named Raiffeisen banka as Serbia's "Best Bank" in 2009.

in € million	2009	2008	Change
Balance sheet total	2,762	2,913	(5.2)%
Loans and advances to customers	1,415	1,963	(27.9)%
thereof corporate customers in per cent	55.0%	57.9%	(2.9) PP
thereof retail customers in per cent	45.0%	42.1%	2.9 PP
thereof foreign currency loans in per cent	83.7%	42.9%	40.8 PP
Deposits from customers	1,149	1,205	(4.7)%
Operating income	162	195	(17.3)%
Net interest income	121	137	(11.6)%
Net fee and commission income	38	51	(24.3)%
Net trading income	2	4	(51.4)%
Other net operating income	0	3	(105.5)%
Provisioning for impairment losses	(37)	(13)	190.6%
General administrative expenses	(88)	(96)	(8.2)%
Profit before tax	36	87	(58.5)%
Profit after tax	34	80	(57.3)%
Return on equity before tax	8.1%	19.8%	(11.8) PP
Return on equity after tax	7.6%	18.1%	(10.6) PP
Cost/income ratio	54.6%	49.2%	5.4 PP
Business outlets	101	103	(1.9)%
Number of employees	1,982	2,210	(10.3)%
Number of customers	585,800	585,800	0.0%

Russia

in € million	2009	2008	Change
Net interest income	650	764	(14.9)%
thereof current income from associates	0	0	–
Provisioning for impairment losses	(322)	(175)	83.7%
Net interest income after provisioning	**328**	**589**	**(44.2)%**
Net fee and commission income	207	223	(7.4)%
Net trading income	(13)	102	–
Net income from derivatives	11	(7)	–
Net income from financial investments	3	5	(39.8)%
General administrative expenses	(365)	(456)	(20.0)%
thereof staff costs	(162)	(217)	(25.4)%
thereof other administrative expenses	(170)	(212)	(19.8)%
thereof depreciation on intangible and tangible fixed assets	(33)	(27)	21.5%
Other net operating income	(19)	(18)	5.3%
Profit before tax	**153**	**438**	**(65.1)%**
Income taxes	(28)	(125)	(77.3)%
Profit after tax	**124**	**313**	**(60.3)%**
Minority interests in profit	0	14	–
Profit after minorities	**124**	**327**	**(62.0)%**
Share of profit before tax	29.3%	26.7%	2.6 PP
Share of profit after tax	29.0%	24.5%	4.4 PP
Risk-weighted assets (credit risk)	7,298	11,103	(34.3)%
Own funds requirement	758	969	(21.8)%
Total assets	11,681	14,952	(21.9)%
Liabilities	10,063	13,381	(24.8)%
Risk/earnings ratio	49.5%	23.0%	26.6 PP
Cost/income ratio	44.2%	42.6%	1.6 PP
Average equity	1,046	1,205	(13.2)%
Return on equity before tax	**14.6%**	**36.4%**	**(21.7) PP**
Return on equity after minorities	11.9%	27.2%	(15.3) PP
Average number of employees	9,351	9,654	(3.1)%
Business outlets	215	237	(9.3)%

The Russia segment was also unable to escape the effects of the economic crisis. Profit before tax fell by 65 per cent, or € 285 million, to € 153 million. As in the other segments, high net allocations to provisioning for impairment losses were the main reason for that. In addition, net trading income declined sharply. The average devaluation of the Russian rouble year-on-year also weighed heavily on earnings in this segment. The return on equity before tax consequently fell by 21.7 percentage points to 14.6 per cent.

The decline of net interest income by 15 per cent, or € 114 million, to € 650 million was largely due to a reduction of the loan portfolio, particularly in respect to corporate customers. The region's net interest margin decreased by 67 basis points to 4.96 per cent, and balance sheet assets fell year-on-year by 22 per cent, or € 3.3 billion, to € 11.7 billion. Credit risk-weighted assets were also down by 34 per cent at € 7.3 billion, mainly due to the reduction of business volume. They thus registered a sharper decline than that of balance sheet assets, which was primarily caused by the reduction of credit line commitments and of contingent liabilities in the off-balance sheet area. Total outstanding loans at year's end amounted to € 6.4 billion, and customer deposits stood at € 5.8 billion.

Net allocations to provisioning for impairment losses increased from € 175 million in the preceding year to € 322 million. Individual provisions of € 345 million net, which predominantly concerned corporate customers, were substantially responsible. On the other hand, portfolio-related provisions made a positive contribution, since a release of existing provisioning for impairment losses occurred in the year under review. The main reasons for that were a reduction of the corporate customer portfolio, which is the basis for portfolio-related provisions, and shifts from portfolio-related to individual provisions. Because of the sharp rise of non-performing loans, whose share in the portfolio increased by 8.2 percentage points to 10.1 per cent, correspondingly higher net allocations to individual provisions were necessary.

Net fee and commission income fell by 7 per cent, or € 16 million, to € 207 million. That decline was primarily due to income from foreign exchange and notes/coins business, which was down by 23 per cent on the preceding year at € 60 million. Payment transfers contributed the largest part to net fee and commission income at € 84 million despite a decline of 14 per cent. The result from lending and guarantee business increased due to higher margins by 29 per cent to € 30 million, and income from securities business grew to € 13 million in the year under review.

Net trading income turned in the year under review from € 102 million to minus € 13 million. A loss from currency-based transactions in the amount of € 73 million resulted primarily from the valuation of foreign exchange contracts due to changed forward prices. Interest-based transactions, which had been strongly negative in the preceding year, were characterized by strong appreciation in the year under review and yielded income of € 59 million. That arose from the downward trend of interest rates on mostly fixed-income bonds and notes of non-public issuers.

Net income from derivatives amounted to € 11 million in the year under review. It was primarily based on valuation results from interest rate swaps that had been used to reduce yield curve risk.

Net income from financial investments in Russia came to € 3 million and resulted from the recognition of fixed-income securities holdings at fair values.

General administrative expenses fell by 20 per cent, or € 91 million, to € 365 million mainly due to currency devaluation. The largest reduction was in staff costs, which declined by 25 per cent, or € 55 million, to € 162 million. The average number of employees was down by 3 per cent on the preceding year at 9,351. Other administrative expenses decreased by 20 per cent, or € 42 million, to € 170 million, while depreciation on intangible and tangible fixed assets rose in line with new additions to fixed assets by € 6 million to € 33 million. The region's cost/income ratio increased slightly by 1.6 percentage points to 44.2 per cent.

The segment's other net operating income remained almost unchanged on the preceding year at minus € 19 million. The main reasons for that were expenses for taxes not dependent on income and costs connected with branch closings.

Income taxes fell by 77 per cent on the comparable period to € 28 million, and the tax rate declined by 10 percentage points to 19 per cent. Profit after minorities decreased by 62 per cent to € 124 million.

Environment and business development

The Russian economy was severely affected by the economic crisis in 2009. That led to a decline of real GDP by 7.9 per cent, which was even worse than during the 1998 Russian crisis. Against this background, in the first quarter of 2009, the Russian central bank continued the gradual devaluation of the rouble begun at the end of 2008 against the basket of currencies consisting of the US dollar and the euro. In the further course of the year, however, the rouble became significantly stronger again due to rising oil prices and the recovering economy. By 30 September 2009, the time up to which data available before this report's editorial deadline extended, total lending declined slightly both for private individuals and for corporate customers compared with the end of 2008.

Founded in 1996, *ZAO Raiffeisenbank* ranked ninth in the Russian banking market at the end of the reporting period and is thus one of the country's leading banks.

In the past year, Raiffeisenbank devoted its attention mainly to financing corporate customers and to customer retention strategies. Business with private individuals was further strengthened by means of cross-selling activities. Providing services to affluent customers within the framework of an affluent customer concept was another emphasis in 2009. At the end of the reporting period, customers numbered 1.8 million, and employees over 8,600.

With a network of 215 business outlets, Raiffeisen International is represented in 45 regions of the Russian Federation. To optimize customer service further, Raiffeisenbank started a transformation program in 2009 for the purpose of bundling and centralizing services in all regions.

Subsidiaries OOO *Raiffeisen Leasing*, OOO *Raiffeisen Capital Asset Management Company*, and *NPF Raiffeisen* (pension funds) round out the product range.

Standard & Poor's recently rated Raiffeisenbank at BBB- with a stable outlook. Fitch rated the bank at BBB+ with a negative outlook, and thus better than Russia. The rating from Moody's stands at Baa3 with a negative outlook and is thus only just below that of the Russian state.

Global Finance awarded Raiffeisenbank the title of Russia's "Best Consumer Bank" in 2009.

in € million	2009	2008	Change
Loans and advances to customers	6,368	9,381	(32.1)%
thereof corporate customers in per cent	68.6%	69.7%	(1.2) PP
thereof retail customers in per cent	31.3%	30.2%	1.1 PP
thereof foreign currency loans in per cent	47.5%	48.1%	(0.6) PP
Operating income	825	1,071	(23.0)%
Return on equity after tax	9.1%	25.8%	(16.8) PP
Number of employees on 31 December	8,608	10,276	(16.2)%
Number of customers	1,795,700	1,666,600	7.7%

CIS Other

in € million	2009	2008	Change
Net interest income	488	533	(8.4)%
thereof current income from associates	0	0	–
Provisioning for impairment losses	(514)	(181)	184.3%
Net interest income/loss after provisioning	**(26)**	**352**	**–**
Net fee and commission income	175	234	(24.9)%
Net trading income	17	59	(70.9)%
Net income from derivatives	1	(1)	–
Net income from financial investments	4	(14)	–
General administrative expenses	(294)	(397)	(25.9)%
thereof staff costs	(145)	(208)	(30.3)%
thereof other administrative expenses	(113)	(150)	(24.7)%
thereof depreciation on intangible and tangible fixed assets	(36)	(39)	(6.6)%
Other net operating income	(3)	(5)	(44.1)%
Profit/loss before tax	**(126)**	**227**	**–**
Income taxes	21	(67)	–
Profit/loss after tax	**(104)**	**161**	**–**
Minority interests in profit	1	(11)	–
Profit/loss after minorities	**(103)**	**150**	**–**
Share of profit before tax	(24.1)%	13.9%	(37.9) PP
Share of profit after tax	(24.3)%	12.6%	(36.9) PP
Risk-weighted assets (credit risk)	5,068	6,960	(27.2)%
Own funds requirement	486	624	(22.2)%
Total assets	6,281	8,028	(21.8)%
Liabilities	5,387	7,047	(23.5)%
Risk/earnings ratio	105.3%	34.0%	71.4 PP
Cost/income ratio	43.4%	48.4%	(5.0) PP
Average equity	742	761	(2.5)%
Return on equity before tax	**–**	**29.9%**	**–**
Return on equity after minorities	–	21.6%	–
Average number of employees	18,670	20,011	(6.7)%
Business outlets	1,050	1,238	(15.2)%

The CIS Other segment registered a decline in profit before tax by € 353 million to minus € 126 million in the year under review. A differentiating view should be taken of this result, however, as the countries of this region exhibit very heterogeneous development. High net allocations to provisioning for impairment losses in Ukraine and devaluation of the local currency there had a very strong effect in this segment and were the main reasons for the earnings decline. In Belarus, on the other hand, Raiffeisen International registered very positive business development. Group units there booked a significant earnings plus thanks to increased profit from operating activities, which partly offset the region's losses.

The segment's net interest income fell overall by 8 per cent, or € 45 million, to € 488 million. In Ukraine, currency effects had an especially strong profit-reducing influence despite significant improvement of customer margins on the asset side. In Belarus, an increase of net interest income was achieved through repricing measures for loans in all business areas. Balance sheet assets decreased by 22 per cent, or € 1.7 billion, year-on-year to € 6.3 billion. The net interest margin fell slightly, by 8 basis points to 6.84 per cent. Due to the reduction of business volume, credit risk-weighted assets also went down by 27 per cent to € 5.1 billion. That the decline of this item was somewhat greater than that of the balance sheet total was due to the lapse of many credit line commitments for customers in Ukraine.

Net allocations to provisioning for impairment losses rose from € 181 million to € 514 million and thus showed the most significant increase of all the regions. That reflects, above all, the generally weak credit environment in Ukraine, which was affected most strongly of all Raiffeisen International's markets by the economic crisis. Net allocations to individual provisions accounted for € 490 million of that, which primarily concerned mortgage loans to private individuals in Ukraine. With a net allocation of € 25 million, portfolio-based provisions were significantly less important than they had been in the preceding year, and they mainly concerned loans to corporate customers in Ukraine. The share of non-performing loans in the loan portfolio rose by 13.8 percentage points to 19.9 per cent. It came to 23.6 per cent in Ukraine and to 3.2 per cent in Belarus.

Net fee and commission income registered a sharp decline, by 25 per cent to € 175 million, mainly due to curbed customer activity in general payment transfers and limited new lending in Ukraine. Payment transfers business continued to make the most important contribution at € 116 million, while the foreign exchange and notes/coins business contributed € 53 million.

Net trading income fell from € 59 million to € 17 million and resulted almost entirely from currency-based transactions. Valuation gains from a strategic currency position used to hedge equity in Belarus contributed € 26 million. Because of a change in the IFRS rules, such valuation results are to be reported in the income statement, effective from the beginning of 2009. Set against the valuation gains were currency-related losses in Ukraine and Kazakhstan, which also derived from currency positions and were caused mainly by the strong change of currency structure in the statement of financial position in Ukraine. Interest-based transactions yielded income of € 5 million, which was achieved entirely in Ukraine.

Net income from derivatives amounted to € 1 million in the year under review. It was mostly booked by the leasing company in Kazakhstan.

Net income from financial investments came to € 4 million. Positive influences in this regard came, on the one hand, from valuation gains on securities holdings recognized at fair value and, on the other hand, from results of selling fixed-income securities in Ukraine.

General administrative expenses decreased overall by 26 per cent, or € 103 million, to € 294 million. The largest reduction was in staff costs, which declined by 30 per cent, or € 63 million, to € 145 million. The average number of employees in the region fell by 7 per cent, or 1,341, on the comparable period to 18,670 as a result of cost-cutting programs immediately initiated with the outbreak of the crisis. Other administrative expenses decreased by 25 per cent, or € 37 million, to € 113 million. That was achieved primarily by selectively closing 181 business outlets in Ukraine. At € 36 million, depreciation on intangible and tangible fixed assets was also down by 7 per cent on the preceding year's level. The region's cost/income ratio improved significantly, by 5.0 percentage points to 43.4 per cent.

The segment's other net operating income amounted to minus € 3 million. Besides minor expense and income items, taxes not dependent on income were the primary component in that amount.

Due to the formation of deferred tax assets, income taxes came out positive in the amount of € 21 million, after minus € 67 million in the preceding year. Profit after minorities decreased to minus € 103 million.

Belarus

The Belarusian economy is the last planned economy in Europe. Nevertheless, the country was not able to fully decouple from the economic crisis. Belarus is an exception among Central and Eastern European countries in respect to the development of the banking sector, which also registered impressive credit growth in 2009. Above all, the total amount of lending to corporate customers increased, since state-owned banks financed production operations of state-owned enterprises in the crisis by means of loans. The Belarusian rouble was devalued at the beginning of 2009, after the country had received financial assistance from the IMF. Since then, it has been oriented to a basket of currencies consisting of the euro, US dollar, and Russian rouble.

Priorbank JSC was founded in 1989 as a commercial customer bank and taken over by Raiffeisen International in 2003. At the end of 2009, Raiffeisen International's holding in the bank amounted to about 88 per cent. The remaining shares were in free float. Measured in terms of balance sheet totals, it ranked fifth in the local banking market and offered all the services of a modern universal bank.

After further expansion in 2009, Raiffeisen International in Belarus had a countrywide distribution network of 96 business outlets and 2,147 employees serving 850,000 customers at the end of the reporting period. The loan portfolio amounted to € 919 million, with a balance sheet total of € 1.2 billion. Non-performing loans increased by 137 per cent in 2009 to € 30 million. Set against the loan portfolio were customer deposits of € 623 million.

The "Branch Service Excellence Project" helped in 2009 to modernize and harmonize the range of financial services for private individuals and corporate customers.

Founded in 2005, *SOOO Raiffeisen Leasing* maintained its market position in the reporting period as the country's third-largest leasing company in close cooperation with the branch network of Priorbank.

Once again, Priorbank was awarded the title of "Best Bank" by Euromoney magazine in 2009, and "Bank of the Year 2009" by The Banker.

in € million	2009	2008	Change
Balance sheet total	1,224	1,646	(25.6)%
Loans and advances to customers	919	1,249	(26.5)%
thereof corporate customers in per cent	48.8%	46.9%	1.9 PP
thereof retail customers in per cent	50.3%	52.8%	(2.5) PP
thereof foreign currency loans in per cent	62.6%	63.6%	(1.0) PP
Deposits from customers	623	645	(3.3)%
Operating income	149	121	23.0%
Net interest income	75	66	13.5%
Net fee and commission income	50	52	(3.6)%
Net trading income	24	5	383.7%
Other net operating income	0	(2)	–
Provisioning for impairment losses	(16)	(9)	68.7%
General administrative expenses	(55)	(58)	(3.9)%
Profit before tax	77	54	42.1%
Profit after tax	56	38	45.0%
Return on equity before tax	51.6%	38.4%	13.2 PP
Return on equity after tax	37.1%	27.1%	10.0 PP
Cost/income ratio	37.3%	47.8%	(10.5) PP
Business outlets	96	103	(6.8)%
Number of employees	2,147	2,168	(1.0)%
Number of customers	849,800	855,400	(0.6)%

Ukraine

Ukraine was one of the Central and Eastern European economies hardest hit by the economic crisis, with real GDP declining in 2009 by 15.0 per cent year-on-year. That was partly due to a difficult political situation, which led to the people's loss of confidence in the local currency. The hryvnia lost more than 40 per cent of its value against the US dollar from the fourth quarter of 2008 to the end of the first quarter of 2009, but then stabilized in the further course of last year. Ukraine was one of the first countries to receive financial assistance from the IMF at the beginning of November 2008. The banking sector was shaped in this environment by a sharp rise of non-performing loans and registered a slight decline of total lending at the end of the third quarter of 2009, which was significant mainly in the area of loans to private individuals.

Founded as a universal bank in 1992, *Bank Aval* was acquired in 2005 by Raiffeisen International, which held a stake of 95.9 per cent at the end of 2009. As the country's fourth-largest bank, *Raiffeisen Bank Aval JSC* is today one of the leading major banks in the local market. With its tightly woven distribution network, it is present countrywide and offers its customers a full range of financial services and products. That is rounded out by products from subsidiaries *LLC Raiffeisen Leasing Aval* and *Asset Management Company Raiffeisen Aval*.

At the end of 2009, Raiffeisen International in Ukraine had almost 4.8 million customers, 15,225 employees, and 953 branches. Loans to customers amounted to € 4.4 billion, with a balance sheet total of almost € 5.0 billion. Non-performing loans increased by 172 per cent in 2009 to € 1,041 million. Set against loans were customer deposits of € 2.3 billion.

Because of the difficult economic situation in Ukraine, Raiffeisen Bank Aval took extensive crisis management measures in the period under review. Provisioning for impairment losses was increased greatly, which primarily affected business with private individuals. Furthermore, restructuring programs were implemented in all customer groups: corporate customers, small and medium-sized enterprises, and private individuals. Parallel to that, activities in customer relationship management were pushed forward to tap existing customer potential further. Moreover, an optimization program for the branch network was started, which led to the closing of 181 business outlets. At the same time, the number of employees was reduced by 12.3 per cent. A capital increase amounting to about € 73 million was conducted at the end of 2009 to strengthen Raiffeisen Bank Aval's capital base. Subordinated loans in the value of USD 150 million were also received from the EBRD.

Moody's gave Raiffeisen Bank Aval a foreign currency deposit rating of B3 with a negative outlook. The bank was awarded the title of "Best Bank" in Ukraine by Euromoney in the year under review.

in € million	2009	2008	Change
Balance sheet total	4,983	6,285	(20.7)%
Loans and advances to customers	4,401	5,261	(16.3)%
thereof corporate customers in per cent	43.4%	43.3%	0.1 PP
thereof retail customers in per cent	56.6%	56.7%	(0.1) PP
thereof foreign currency loans in per cent	66.2%	69.8%	(3.6) PP
Deposits from customers	2,303	2,399	(4.0)%
Operating income	529	701	(24.5)%
Net interest income	410	467	(12.3)%
Net fee and commission income	125	182	(31.1)%
Net trading income	(4)	54	–
Other net operating income	(2)	(2)	23.9%
Provisioning for impairment losses	(499)	(172)	189.7%
General administrative expenses	(237)	(338)	(29.7)%
Profit/loss before tax	(203)	176	–
Profit/loss after tax	(160)	127	–
Return on equity before tax	–	23.3%	–
Return on equity after tax	–	16.8%	–
Cost/income ratio	44.9%	48.2%	(3.3) PP
Business outlets	953	1,134	(16.0)%
Number of employees	15,225	17,368	(12.3)%
Number of customers	4,882,500	4,709,100	3.7%

Business divisions

Besides its regional segmentation, Raiffeisen International is structured into business divisions that reflect its internal organization and reporting structure. The Group's business is broken down into the following divisions:

- **Corporate customers**
- **Retail customers**
- **Treasury**
- **Participations and other**

The corporate customer division comprises business with local and international mid-market companies and large corporations. The retail customer division includes private individuals and small and medium-sized businesses, which as a rule have a yearly turnover of up to € 5 million. The treasury division encompasses the treasury's proprietary trading and investment banking activities, which are carried out only in a few Group units. Besides non-banking activities, the participations and other division concerns the management of participations. Moreover, other cross-divisional functions are involved, including especially those performed by parent company *Raiffeisen International Bank-Holding AG*.

Business division overview

Financial year 2009

in € million	Corporate customers	Retail customers	Treasury	Participations and other	Total
Net interest income	958	1,669	73	237	2,937
Provisioning for impairment losses	(727)	(1,010)	0	0	(1,738)
Net interest income after provisioning	**231**	**659**	**73**	**237**	**1,199**
Net fee and commission income	403	801	13	7	1,223
Net trading income	1	0	185	0	186
Net income from derivatives	0	0	8	0	8
Net income from financial investments	0	0	37	4	41
General administrative expenses	(439)	(1,606)	(87)	(138)	(2,270)
Other net operating income	29	12	0	(62)	(20)
Net income from disposal of Group assets	0	0	0	0	0
Profit/loss before tax	**224**	**(134)**	**230**	**48**	**368**
Risk-weighted assets (credit risk)	26,096	15,883	5,484	2,627	50,090
Own funds requirement	2,273	1,600	1,010	233	5,117
Average number of employees	9,739	47,059	1,478	1,911	60,186
Cost/income ratio	31.6%	64.7%	32.1%	75.9%	52.5%
Average equity	3,282	2,019	703	391	6,394
Return on equity before tax	**6.8%**	**–**	**32.7%**	**12.2%**	**5.7%**

Financial year 2008

in € million	Corporate customers	Retail customers	Treasury	Participations and other	Total
Net interest income	1,113	1,844	172	103	3,232
Provisioning for impairment losses	(269)	(507)	(3)	(1)	(780)
Net interest income after provisioning	**844**	**1,337**	**169**	**102**	**2,452**
Net fee and commission income	531	962	5	(1)	1,496
Net trading income	1	1	169	(3)	168
Net income from derivatives	0	0	(20)	0	(20)
Net income from financial investments	1	0	(48)	21	(26)
General administrative expenses	(526)	(1,876)	(108)	(123	(2,633)
Other net operating income	33	12	0	(61)	(16)
Net income from disposal of Group assets	0	0	0	8	8
Profit/loss before tax	**884**	**435**	**166**	**(56)**	**1,429**
Risk-weighted assets (credit risk)	31,132	19,063	6,879	3,313	60,388
Own funds requirement	2,642	1,779	1,075	271	5,767
Average number of employees	9,760	48,062	1,529	2,103	61,454
Cost/income ratio	31.3%	66.6%	31.3%	–	54.0%
Average equity	3,348	1,949	648	538	6,483
Return on equity before tax	**26.4%**	**22.3%**	**25.6%**	**–**	**22.0%**

Corporate customers

The corporate customer division registered a sharp earnings decline in the year under review, and profit before tax fell by 75 per cent to € 224 million. A significant rise of net allocations to provisioning for impairment losses by € 458 million to € 727 million was mainly responsible for that. Most of the increase was caused by net allocations of € 209 million in Russia, where a strong business orientation to corporate customers prevails. Another emphasis was in Poland, which had € 40 million in net allocations to provisioning.

Operating income fell from € 1,678 million to € 1,391 million and thus remained 17 per cent below the preceding year's level. Net interest income decreased by 14 per cent on the comparable period to € 958 million. That was caused, on the one hand, by the sharp decline of net interest income from business with mid-market companies and, on the other, by a reduction of business with the public sector in Russia and Hungary. Net fee and commission income registered a decrease by 24 per cent to € 403 million, which was predominantly due to the cyclically induced contraction of business volume, especially in the case of large corporate customers in Russia and Poland.

General administrative expenses fell by 16 per cent to € 439 million, and the cost-income ratio therefore remained almost unchanged at 31.6 per cent.

Other net operating income was down by 12 per cent to € 29 million. The operating leasing business in Croatia continued to contribute the most to that at € 22 million.

Credit risk-weighted assets amounted to € 26.1 billion. That means a sharp decline of 16 per cent on the preceding year, caused by both volume and currency influences.

The return on equity before tax in the corporate customer division shrank by 19.6 percentage points to 6.8 per cent due to the decline of net income.

Emphases in 2009

Business with medium and large enterprises is bundled in the corporate customer division, which amounted to more than 79,000 customers at the end of 2009.

The effects of the economic crisis that emerged at the end of 2008 were also visible last year in the corporate customer division. Raiffeisen International's core markets – Central Europe, Southeastern Europe, Russia, and CIS Other – were hit hard by that after the above-average growth rates of the previous years.

Reduced corporate capital spending led to a decline in credit demand in 2009. In line with that, customer deposits also fell as businesses financed mostly low capital expenditures and replacements increasingly from own funds. Nevertheless, Raiffeisen International kept the ratio of lendings to customer deposits constant in corporate customer business and supplied house bank customers with liquidity in a difficult environment.

Further challenges were posed by increased default probabilities and higher funding costs on the financial markets, which necessitated adjustment of margins in customer business. That kept interest income from financing business constant and partly cushioned higher risk costs.

The company's business model based on close customer relationships and quick reaction to changed conditions formed the basis for targeted management of customer business. Regular customer contact and an internally defined early warning system enabled us to make timely adjustments to financing arrangements as needed together with customers. The intensive cooperation between corporate customer advisers and risk management staff was essential to that and was expanded further. Increased need for optimal credit management was met with additional resources in risk management.

Raiffeisen International's corporate customers also faced new challenges. Many businesses registered all-time declines in new orders and were forced to cut costs, restructure, and lay off employees. Moreover, they were often confronted with liquidity shortages and increased default risks with respect to their own customers.

In reaction to changed customer needs, Raiffeisen International's focus therefore shifted in 2009 to products such as factoring, letters of credit, guarantees, cash management, and management of interest rate and currency risks of customers.

Good market positioning

Triggered by the economic crisis, there will be consolidation of market participants in the future on both the bank and customer sides. Opportunities were therefore also taken in 2009 to set the appropriate course for a stronger market position of Raiffeisen International.

The corporate customer division's already low cost-income ratio was reduced further to 31 per cent through strict cost management. The achieved efficiency enhancement has increased striking power for the future.

To position itself in competition for the best corporate customers, Raiffeisen International continued to move forward with implementation of the "Formula Uno" sales management program. In that project, individual acquisition and cross-selling goals are set for each corporate customer adviser based on trend forecasts regarding the potential and risk of individual industrial sectors and an internal analysis of the customer portfolio. Furthermore, a customer relationship management tool that supports corporate customer advisers with customer analysis and activity planning was installed at *Raiffeisen banka a.d.* in Serbia. This instrument will be implemented at other subsidiary banks in the coming years.

The environment for corporate customer business in Central and Eastern Europe will again be shaped by the effects of the economic crisis in 2010 despite first positive signals. Raiffeisen International therefore relies especially in the corporate customer division on intensifying customer relationships with its house bank customers. Proceeding from a detailed analysis of the credit portfolio, business relationships are expanded in the sectors and countries that are especially attractive because of their return and risk prospects.

Retail customers

The loss before tax for the retail customers division – which includes private individuals and small and medium-sized enterprises – amounted to € 134 million in the year under review. This earnings decline was caused primarily by the heightened risk situation, which necessitated much greater net allocations to provisioning for impairment losses of € 1,010 million. At € 288 million, provisioning for impairment losses was increased greatly in Ukraine, where business with private individuals makes up a large part of the overall business. Considerable net allocations to provisioning for impairment losses were also registered in Hungary, in the amount of € 157 million.

At € 2,482 million, the division's operating income was down by 12 per cent on the comparable period. Net interest income fell by 10 per cent to € 1,669 million, mainly as a result of declines in customer deposit business and margin reductions in some countries. The Group units in Ukraine and Romania were especially affected by that. Net fee and commission income decreased by 17 per cent to € 801 million, also mainly because of the business decline at the Group units in Ukraine and Romania.

In the year under review, the division's general administrative expenses fell by 14 per cent to € 1,606 million. The main reasons for that were cost-cutting measures to optimize the branch network, on the one hand, and currency effects, on the other. Consequently, the cost/income ratio improved further by 1.9 percentage points to 64.7 per cent.

Other net operating income came to € 12 million and thus remained at the preceding year's level. The operating leasing business in Croatia made the largest contribution to that in the amount of € 8 million.

The retail customer division's credit risk-weighted assets fell by 17 per cent year-on-year to € 15.9 billion.

The retail customers division served around 15 million private individuals and small enterprises at the end of the reporting period. Customers are served by more than 25,000 sales advisers and service personnel through a network of 3,018 business outlets as well as over 7,000 automated teller machines and about 1,500 car dealers and retailers as contracting partners of Raiffeisen International.

Total deposits from retail customers remained stable despite significantly slower GDP growth in Central and Eastern Europe. New product introductions such as savings plans and products with upfront interest rates combined with regular above-the-line marketing campaigns and sales incentives contributed to a 4.1 per cent growth in term deposits from private individuals. In 6 countries (Belarus, Bosnia and Herzegovina, Bulgaria, the Czech Republic, Romania and Russia) network banks registered double-digit growth rates for deposits year-on-year. Despite difficult economic conditions the market share grew in Ukraine as well. Overall, the division's loan-deposit ratio improved from 94 per cent as of 31 December 2008 to 83 per cent at the end of 2009.

To step up acquisition of customer deposits in the retail customer division further, a direct bank using the internet as its primary sales and service platform is to be introduced in selected markets in 2010.

Notwithstanding the increased efforts to acquire customer deposits, net interest income dominated the retail customers division's operating income again in 2009 with a share of about 68 per cent. Mounting unemployment rates in the entire region and significant currency devaluations, particularly in Russia, Ukraine, and Hungary, led to a significant rise in non-performing loans and an increase of provisioning for impairment losses by 100 per cent year-on-year. Because of the changed risk situation and the slump in demand, especially for mortgage loans, lending to private individuals declined in 2009 by 62 per cent on the preceding year. The collection processes were strengthened while the number of employees in risk management was increased sharply. These actions helped stabilize and subsequently reduce both the volume and flow of non-performing loans.

The slowdown in revenues from shrinking deposit margins and declining loan volumes was partially offset by higher productivity from initiatives designed to improve the overall cost efficiency in the branch network. Altogether, 213 business outlets were closed in 2009, of which Ukraine accounted for 181, and Hungary for 19. In the process, great importance was placed on being able to continue serving affected customers in nearby branches. Thanks to the measures taken, the retail customers division's cost-income ratio improved by 1.9 percentage points year-on-year to 64.7 per cent. At the same time, the number of customers per business outlet and the ratio of branch employees to customers increased. Despite the targeted branch closures, Raiffeisen International is still present in all large cities of Central and Eastern Europe.

The product range for bancassurance provided jointly with strategic partner *UNIQA Versicherungen AG* was promoted further in 2009. Additional business related to credit, e.g., involving payment protection insurance policies, was also affected by the lending volume decline. However, thanks to joint sales programs with UNIQA in Slovakia, Croatia, Poland, the Czech Republic, and Bulgaria, sales of stand-alone life insurance products increased by 46 per cent. Altogether, however, commission income from insurance policy sales declined in 2009 by 13 per cent compared with the preceding year.

After a very tough first quarter in 2009, Raiffeisen International's fund management business recovered significantly in the further course of the year, parallel to the positive trend on international stock markets. In this context, the cooperation with *Raiffeisen Capital Management* played an important role. Assets under management increased from the interim low of € 3.44 billion at the end of March 2009 to € 4.32 billion at year's end. An increase of 21 per cent year-on-year was thereby registered. Nearly 80 percent of funds under management consist of local money market funds produced by local asset management companies. In 2010, significant resources will be devoted to building "profile funds" designed to better match customer risk profiles to specific fund allocations. In addition, dedicated sales support teams will be activated to further support branch sales.

Raiffeisen International continued rolling out its premium banking service for affluent customers (personal financial assets above € 25,000). The personal financial consulting is already available to qualified customers in Serbia, Croatia, Hungary, Slovakia, Romania, Russia, Poland, and the Czech Republic. Its launch in other network banks is planned.

Small businesses account for about 90 per cent of legal entities in Central and Eastern Europe and thus represent an important growth market for Raiffeisen International. Unlike business with private individuals, the deposit business in the small business segment experienced a significant net deposit outflow in 2009 as companies deployed their savings to manage through the crisis. Nevertheless, Raiffeisen International continued developing its small business operating model in a number of important areas such as standardizing and simplifying the lending product set, refining customer segmentation, developing current account bundles, building application scorecards and strengthening collections.

Treasury

The treasury division achieved a profit before tax of € 230 million in 2009 and thus registered an increase of 38 per cent on the preceding year despite a sharp decline of net interest income. This result was brought about by positive net income from financial investments and a 10 per cent improvement of net trading income.

Net interest income decreased from € 172 million in the preceding year to € 73 million. The main causes of that were higher funding costs, increased costs for the minimum reserve, and a negative margin from invested liquidity surpluses.

Net trading income amounted to € 185 million and was largely influenced by appreciation of securities holdings in Croatia and Romania, which particularly lost value in the last quarter of 2008.

Net income from derivatives came to € 8 million and was predominantly based on valuation gains from interest rate swaps in Russia and Hungary.

In contrast to the preceding year, net income from financial investments was positive in the amount of € 38 million. It resulted largely from valuation gains of fixed-income securities in the Hungarian and Romanian units.

General administrative expenses were reduced by 20 per cent year-on-year. Since operating income likewise showed a sharp decline by 22 per cent to € 271 million, the cost/income ratio remained almost unchanged, rising only slightly by 0.7 percentage points to 32.1 per cent.

Credit risk-weighted assets fell by 20 per cent to € 5.5 billion due to lower investments.

The division's return on equity before tax rose by 7.1 percentage points to 32.7 per cent.

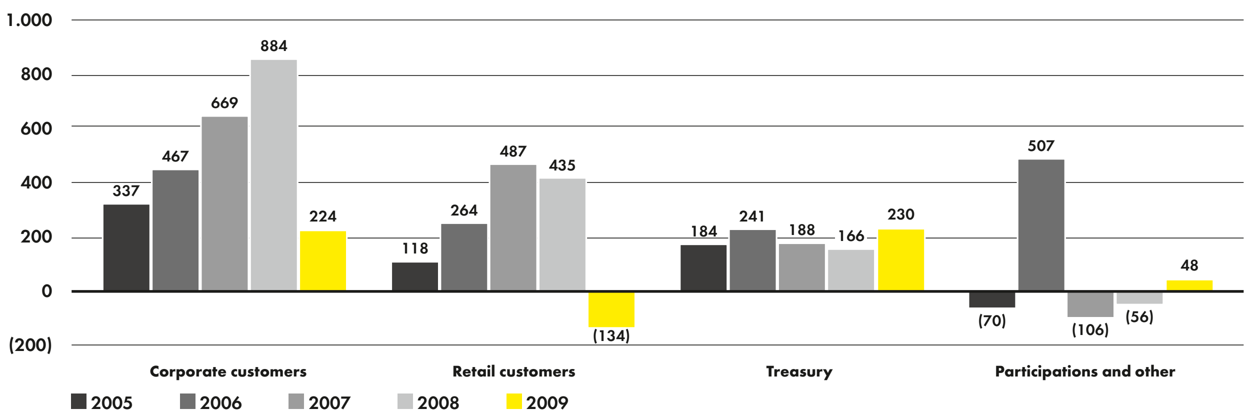
Participations and other

Profit before tax in the participations and other division amounted to € 48 million. Net interest income increased sharply on the preceding year to € 237 million. The result was mainly positive because it includes the computational results from the investment of equity, which increased strongly in the reporting period thanks to the high interest rate level in the CEE region.

In addition to net income from participations and non-banking activities, this division includes the costs of central Group management, which remained stable compared with the preceding year. Such costs remain in the division, in accordance with internal guidelines, and are not distributed among the other divisions.

Profit before tax by business divisions

in € million



Consolidated financial statements

Statement of comprehensive income

Income statement

€000	Notes	2009	2008	Change
Interest income		5,588,567	6,183,278	(9.6)%
Current income from associates		2,931	603	386.1%
Interest expenses		(2,654,996)	(2,951,871)	(10.1)%
Net interest income	**(2)**	**2,936,502**	**3,232,010**	**(9.1)%**
Provisioning for impairment losses	(3)	(1,737,882)	(780,301)	122.7%
Net interest income after provisioning		**1,198,620**	**2,451,709**	**(51.1)%**
Fee and commission income		1,441,415	1,764,236	(18.3)%
Fee and commission expense		(218,358)	(267,867)	(18.5)%
Net fee and commission income	**(4)**	**1,223,057**	**1,496,369**	**(18.3)%**
Net trading income	(5)	186,340	167,642	11.2%
Net income from derivatives	(6)	8,205	(19,921)	–
Net income from financial investments	(7)	41,350	(25,638)	–
General administrative expenses	(8)	(2,269,726)	(2,633,030)	(13.8)%
Other net operating income	(9)	(20,325)	(15,856)	28.2%
Net income from disposal of group assets	(10)	76	7,860	(99.0)%
Profit before tax		**367,597**	**1,429,135**	**(74.3)%**
Income taxes	(11)	(80,500)	(350,880)	(77.1)%
Profit after tax		**287,097**	**1,078,255**	**(73.4)%**
Minority interests in profit		(74,916)	(96,269)	(22.2)%
Consolidated profit		**212,181**	**981,986**	**(78.4)%**

Transition to total comprehensive income

	Group equity		Minority interests	
€000	**2009**	**2008**	**2009**	**2008**
Consolidated profit	**212,181**	**981,986**	**74,916**	**96,269**
Exchange differences	(248,871)	(856,901)	(5,018)	(15,600)
Capital hedge	(12,573)	(65,613)	0	0
Cash flow hedge	12,588	(42,771)	0	0
Fair value reserve (available-for-sale financial assets)	8,716	19,541	0	0
Deferred taxes on income and expenses directly recognized in equity	(5,001)	2,420	0	0
Other comprehensive income	**(245,141)**	**(943,324)**	**(5,018)**	**(15,600)**
Total comprehensive income	**(32,960)**	**38,662**	**69,898**	**80,669**

Capital hedge comprises hedges for investments in economically independent sub-units in accordance with IAS 39.102.

The item fair value reserve (available-for-sale financial assets) contains net valuations of financial investments.

Retained earnings

Items recognized directly in retained earnings developed as follows:

€000	Exchange differences	Capital Hedge	Cash flow hedge	Fair value reserve
As of 1/1/2008	**(222,847)**	**156,611**	**(7,941)**	**(4)**
Net changes in financial period	(856,901)	(65,613)	(42,771)	19,541
As of 31/12/2008	**(1,079,748)**	**90,998**	**(50,712)**	**19,537**
Net changes in financial period	(248,871)	(12,573)	12,588	8,716
As of 31/12/2009	**(1,328,619)**	**78,425**	**(38,124)**	**28,253**

Earnings per share

in €	Notes	2009	2008	Change
Earnings per share	(12)	0.99	6.39	(5.40)

Earnings per share are obtained by dividing consolidated profit less the compensation for participation rights by the average number of common shares outstanding. As of 31 December 2009, the number of common shares outstanding was 153,674 thousand compared with 153,599 thousand as of 31 December 2008.

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

Profit development

Quarterly results

€000	Q1/2009	Q2/2009	Q3/2009	Q4/2009
Net interest income	767,118	728,609	728,713	712,062
Provisioning for impairment losses	(445,179)	(523,364)	(396,461)	(372,878)
Net interest income after provisioning	**321,939**	**205,245**	**332,252**	**339,184**
Net fee and commission income	293,738	291,035	321,597	316,687
Net trading income	45,606	73,279	27,770	39,685
Net income from derivatives	(4,911)	23,877	(13,480)	2,719
Net income from financial investments	(2,913)	34,226	12,247	(2,210)
General administrative expenses	(573,637)	(569,472)	(534,831)	(591,786)
Other net operating income	3,688	11,949	(12,618)	(23,344)
Net income from disposal of group assets	73	1	1	1
Profit before tax	**83,583**	**70,140**	**132,938**	**80,936**
Income taxes	(19,870)	(14,815)	(36,304)	(9,511)
Profit after tax	**63,713**	**55,325**	**96,634**	**71,425**
Minority interests in profit	(7,539)	(33,478)	(19,038)	(14,861)
Consolidated profit	**56,174**	**21,847**	**77,596**	**56,564**

€000	Q1/2008	Q2/2008	Q3/2008	Q4/2008
Net interest income	711,123	786,471	844,086	890,330
Provisioning for impairment losses	(93,032)	(108,342)	(164,163)	(414,764)
Net interest income after provisioning	**618,091**	**678,130**	**679,923**	**475,566**
Net fee and commission income	330,866	371,989	394,925	398,588
Net trading income	37,578	54,598	35,187	40,280
Net income from derivatives	(36,712)	44,109	(6,292)	(21,026)
Net income from financial investments	(1,536)	884	10,782	(35,768)
General administrative expenses	(584,430)	(665,458)	(689,650)	(693,492)
Other net operating income	5,753	(16,996)	(6,384)	1,771
Net income from disposal of group assets	0	5,834	(188)	2,213
Profit before tax	**369,609**	**473,090**	**418,304**	**168,133**
Income taxes	(90,227)	(106,027)	(99,324)	(55,303)
Profit after tax	**279,382**	**367,063**	**318,980**	**112,830**
Minority interests in profit	(24,940)	(55,813)	(23,191)	7,675
Consolidated profit	**254,442**	**311,250**	**295,788**	**120,506**

Statement of financial position

Assets €000	Notes	31/12/2009	31/12/2008	Change
Cash reserve	(14, 35)	4,179,572	7,129,860	(41.4)%
Loans and advances to banks	(15, 35, 36)	10,310,101	9,038,096	14.1%
Loans and advances to customers	(16, 35, 36)	50,514,971	57,902,304	(12.8)%
Impairment losses on loans and advances	(17, 35)	(3,084,023)	(1,641,262)	87.9%
Trading assets	(18, 35, 36)	3,709,452	3,763,178	(1.4)%
Derivatives	(19, 35, 36)	332,882	864,944	(61.5)%
Financial investments	(20, 35, 36)	7,270,547	5,136,607	41.5%
Investments in associates	(21, 35, 36)	5,437	2,526	115.2%
Intangible fixed assets	(22, 24, 35)	971,881	951,888	2.1%
Tangible fixed assets	(23, 24, 35)	1,244,233	1,263,769	(1.5)%
Other assets	(25, 35, 36)	820,276	985,075	(16.7)%
Total assets		**76,275,329**	**85,396,985**	**(10.7)%**

Equity and liabilities €000	Notes	31/12/2009	31/12/2008	Change
Deposits from banks	(26, 35, 36)	20,110,170	26,213,163	(23.3)%
Deposits from customers	(27, 35, 36)	42,578,249	44,205,906	(3.7)%
Debt securities issued	(28, 35, 36)	2,526,651	3,393,383	(25.5)%
Provisions for liabilities and charges	(29, 35, 36)	311,531	436,767	(28.7)%
Trading liabilities	(30, 35, 36)	514,199	1,460,135	(64.8)%
Derivatives	(31, 35, 36)	259,433	831,896	(68.8)%
Other liabilities	(32, 35, 36)	504,629	653,073	(22.7)%
Subordinated capital	(33, 35, 36)	2,470,285	1,684,456	46.7%
Equity	(34, 35)	7,000,182	6,518,206	7.4%
Consolidated equity		5,790,463	4,613,194	25.5%
Consolidated profit		212,181	981,986	(78.4)%
Minority interest		997,538	923,026	8.1%
Total equity and liabilities		**76,275,329**	**85,396,985**	**(10.7)%**

Statement of changes in equity

€000	Subscribed capital	Participation rights	Capital reserves	Retained earnings	Consolidated profit	Minority interests	Total
Equity as of 1/1/2008	**469,215**	**0**	**2,587,709**	**1,929,255**	**841,258**	**794,701**	**6,622,138**
Capital increases	0	0	0	0	0	87,580	87,580
Transferred to retained earnings	0	0	0	698,485	(698,485)	0	0
Dividend payments	0	0	0	0	(142,773)	(46,855)	(189,628)
Total comprehensive income	0	0	0	(943,324)	981,986	80,669	119,331
Own shares/share incentive program	(618)	0	(19,706)	0	0	0	(20,325)
Other changes	0	0	0	(107,822)	0	6,932	(100,889)
Equity as of 31/12/2008	**468,597**	**0**	**2,568,003**	**1,576,594**	**981,986**	**923,026**	**6,518,206**
Capital increases	0	600,000	0	0	0	26,563	626,563
Transferred to retained earnings	0	0	0	839,059	(839,059)	0	0
Dividend payments	0	0	0	0	(142,927)	(57,297)	(200,224)
Total comprehensive income	0	0	0	(245,141)	212,181	69,898	36,938
Own shares/share incentive program	136	0	1,129	0	0	0	1,265
Other changes	0	0	0	(17,914)	0	35,349	17,435
Equity as of 31/12/2009	**468,733**	**600,000**	**2,569,132**	**2,152,598**	**212,181**	**997,538**	**7,000,182**

Further details to the above mentioned changes are reported under note (34) equity and minorities.

Other changes in equity are due to currency differences between the income statement and the statement of financial position and changes in shares in Group units.

Statement of cash flows

€000	2009	2008
Profit after tax	**287,097**	**1,078,255**
Non-cash positions in profit and transition to net cash from operating activities:		
Write-downs/write-ups of tangible fixed assets and financial investments	251,825	216,302
Net provisioning for liabilities and charges and impairment losses	1,664,212	948,903
Gains (losses) from disposals of tangible fixed assets and financial investments	(5,462)	2,754
Other adjustments (net)	(679,989)	636,962
Subtotal	**1,517,683**	**2,883,176**
Changes in assets and liabilities arising from operating activities after corrections for non-cash positions:		
Loans and advances to banks and customers	6,329,441	(5,814,006)
Trading assets/trading liabilities (net)	(923,989)	(307,099)
Other assets/other liabilities (net)	(958,613)	(501,221)
Deposits from banks and customers	(7,762,430)	7,771,642
Debt securities issued	(808,404)	765,797
Net cash from operating activities	**(2,606,312)**	**4,798,289**
Proceeds from sale of:		
Financial investments and equity participations	1,829,907	1,099,311
Tangible and intangible fixed assets	89,156	113,988
Proceeds from disposal of group assets	0	8,011
Payments for purchase of:		
Financial investments and equity participations	(2,885,558)	(1,544,858)
Tangible and intangible fixed assets	(417,361)	(663,110)
Net cash from investing activities	**(1,383,856)**	**(986,658)**
Capital increases	626,563	87,580
Inflows/outflows of subordinated capital	785,828	152,690
Dividend payments	(200,224)	(189,628)
Net cash from financing activities	**1,212,167**	**50,642**

€000	2009	2008
Cash and cash equivalents at the end of previous period	**7,129,860**	**3,664,187**
Net cash from operating activities	(2,596,165)	4,798,289
Net cash from investing activities	(1,394,003)	(986,658)
Net cash from financing activities	1,212,167	50,642
Effect of exchange rate changes	(172,287)	(396,600)
Cash and cash equivalents at the end of period	**4,179,572**	**7,129,860**

Cash flows for taxes, interest and dividends	2009	2008
Interest received	5,865,966	5,800,753
Dividends received	78	2,900
Interest paid	(3,016,167)	(2,626,455)
Income taxes paid	(60,184)	(117,618)

The statement of cash flows shows the structure and changes in cash and cash equivalents during the financial year and is broken down into three sections: net cash from operating activities, from investing activities and from financing activities.

Net cash from operating activities comprises inflows and outflows from loans and advances to banks and customers, from deposits from banks and customers as well as debt securities issued. Further, inflows and outflows from trading assets and liabilities, from derivatives, as well as from other assets and other liabilities are shown in operating activities. The interest, dividend and tax payments from operating activities are separately stated.

Net cash from investing activities shows inflows and outflows from financial investments, tangible and intangible assets, proceeds from disposal of group assets, and payments for acquisition of subsidiaries.

Net cash from financing activities consists of inflows and outflows of equity and subordinated capital. This covers capital increases, dividend payments, and changes in subordinated capital.

Cash and cash equivalents include the cash reserve recognized in the statement of financial position, which consists of cash in hand and balances at central banks due at call. It does not include loans and advances to banks that are due at call, which belong to operating activities.

Segment reporting

Classification of segments

Generally, internal management reporting in Raiffeisen International is carried out based on its matrix organizational structure. Under this organizational structure, members of the Managing Board are responsible for both specific countries and certain business areas. The highest decision making bodies, Raiffeisen International's Managing and Supervisory Boards, make important decisions, such as the allocation of resources, according to geographical considerations. The same applies to the appraisal of financial strength and profitability, which is why this has been identified as the substantial reporting criterion.

Individual Central and Eastern European countries constitute the smallest cash generating units – CGU. Countries that expect a similar long-term economic development and exhibit a similar economic profile are grouped together as regional segments. In view of the threshold values required by IFRS 8, four regional segments have been defined by means of which transparent and clearly represented reporting is achieved. The threshold values as defined by IFRS 8 are equivalent to 10 per cent, respectively, of operating income, profit after tax, and segment assets.

As of 31 December 2009 the following Group segments existed. The location of the respective business outlets served as the criterion for segment assignment:

- **Central Europe**
  This segment contains the five countries that joined the EU on 1 May 2004 – the Czech Republic, Hungary, Poland, Slovakia, and Slovenia. They represent not only the most fully developed banking markets in Central and Eastern Europe, but also the markets in which Raiffeisen International had its earliest presence.
- **Southeastern Europe**
  Southeastern Europe includes Albania, Bosnia and Herzegovina, Croatia, Kosovo, Moldova, Serbia, as well as Bulgaria and Romania, which joined the EU on 1 January 2007. Moldova has been included in Romania due to its close economic ties and the respective management structures within the Group.
- **Russia**
  This segment includes the assets and performance for those companies active in the Russian Federation on behalf of Raiffeisen International. The Group is represented in Russia by a bank, a leasing company and a capital management company, amongst others.
- **CIS Other**
  This segment includes Belarus, Kazakhstan and Ukraine.

The figures stated are derived from the financial statements prepared in accordance to the International Financial Reporting Standards (IFRS) that underlie the consolidated financial statements. Divergences from locally published data are possible, as the latter may be based on different measurement rules and on different dates of preparation.

Assessment of segment profit and loss

The segment reporting according to IFRS 8 shows the segment performance on the basis of internal management reporting, supplemented with the reconciliation of the segment results to the group results. In principle, Raiffeisen International's management reporting is based on IFRS. Therefore, no differences occur in the recognition and measurement principles between segment reporting and consolidated financial accounts.

In order to ensure transparent and significant segment reporting, the following control and reporting indicators were used to evaluate the performance of a CGU.

- The **return on equity before tax** measures the rentability of every CGU. This figure shows the proportion between the profit before tax and the average capital employed. The return on equity shows the return of the capital employed in each segment. For a rentability measurement, the Return on Risk Adjusted Capital Ratio (RORAC) is used within the internal management reporting system. The figure shows the return of the risk-adjusted equity (economic equity). This figure is not an indicator according to IFRS.
- The **cost/income ratio** represents the cost efficiency of the segment. The cost/income ratio shows the proportion of the administrative expenses and the sum of net interest income, net fee and commission income, net trading income and the other net operating income.
- The **risk-weighted assets** are an important indicator for the change in business volume. The risk-weighted assets according to Austrian Banking Act (based on Basel II) presents sector-specific additional information to the segment assets of which the own funds requirement of 8 per cent is based.

The presentation of segment performance is based on the income statement. Income and expenses are attributed to the country in which they are generated. Income positions are the net interest income, net fee and commission income, net trading income and the other net operating income. Additionally, the current income from associates that are accounted for at equity is stated. The material expense positions, which are part of the segment reporting, are included in the income statement. The segment performance is reported up to the consolidated profit. The segment assets are represented by the total assets and the risk-weighted assets. The item liabilities includes all positions of the liabilities side except the equity.

The reconciliation implies mainly the amounts resulting from the elimination of intra-group results, the consolidation between the segments and head office's results. It also includes the refinancing of the participations in the holding company. Finally, financial ratios – usual in the line of business – are added to evaluate the results.

Financial year 2009 €000	Central Europe	Southeastern Europe	Russia	CIS Other	Reconciliation	Total
Net interest income	985,112	895,635	650,380	488,384	(83,009)	2,936,502
thereof current income from associates	0	2,931	0	0	–	2,931
Provisioning for impairment losses	(487,341)	(413,957)	(322,149)	(514,435)	–	(1,737,882)
Net interest income after provisioning	**497,771**	**481,678**	**328,231**	**(26,051)**	**(83,009)**	**1,198,620**
Net fee and commission income	435,236	398,043	206,533	175,332	7,913	1,223,057
Net trading income	89,252	88,338	(13,302)	17,071	4,981	186,340
Net income from derivatives	(1,160)	193	11,479	678	(2,985)	8,205
Net income from financial investments	36,861	8,450	3,239	4,262	(11,462)	41,350
General administrative expenses	(801,886)	(740,632)	(364,639)	(294,099)	(68,470)	(2,269,726)
thereof staff expenses	(378,368)	(325,557)	(161,963)	(145,098)	(43,181)	(1,054,167)
thereof other administrative expenses	(348,096)	(316,716)	(170,017)	(112,828)	(22,527)	(970,184)
thereof depreciation	(75,423)	(98,359)	(32,658)	(36,173)	(2,762)	(245,375)
Other net operating income	(21,654)	24,165	(18,787)	(2,878)	(1,171)	(20,325)
Net income from disposal of group assets	76	0	0	0	–	76
Profit/loss before taxes	**234,496**	**260,235**	**152,755**	**(125,685)**	**(154,204)**	**367,597**
Income taxes	(51,049)	(34,536)	(28,470)	21,362	12,193	(80,500)
Profit/loss after taxes	**183,447**	**225,699**	**124,284**	**(104,323)**	**(142,010)**	**287,097**
Minority interests in profit	(56,932)	(16,326)	(253)	921	(2,326)	(74,916)
Consolidated profit/loss	**126,515**	**209,372**	**124,031**	**(103,403)**	**(144,334)**	**212,181**
Share of profit before tax	44.9%	49.9%	29.3%	(24.1)%	–	100.0%
Share of profit after tax	42.8%	52.6%	29.0%	(24.3)%	–	100.0%
Risk-weighted assets (credit risk)	21,493,238	16,437,435	7,298,249	5,068,419	(207,741)	50,089,600
Total own funds requirement	1,979,122	1,528,839	758,436	485,856	364,563	5,116,816
Total assets	33,653,791	23,573,422	11,680,853	6,280,802	1,086,460	76,275,329
Liabilities	31,021,088	20,807,837	10,062,582	5,387,295	1,996,345	69,275,147
Risk/earnings ratio	49.5%	46.2%	49.5%	105.3%	–	59.2%
Cost/income ratio	53.9%	52.7%	44.2%	43.4%	–	52.5%
Average equity	2,586,596	2,038,429	1,046,056	741,720	(18,856)	6,393,946
Return on equity before tax	9.1%	12.8%	14.6%	–	–	5.7%
Consolidated return on equity (after minorities)	6.7%	11.6%	11.9%	–	–	3.9%
Average number of staff	13,517	18,282	9,351	18,670	366	60,186
Business outlets	549	1,204	215	1,050	–	3,018

Financial year 2008 €000	**Central Europe**	**Southeastern Europe**	**Russia**	**CIS Other**	**Reconciliation**	**Total**
Net interest income	1,024,538	946,789	763,894	532,945	(36,157)	3,232,010
thereof urrent income from associates	919	(316)	0	0	–	603
Provisioning for impairment losses	(265,365)	(159,177)	(175,322)	(180,969)	532	(780,301)
Net interest income after provisioning	**759,173**	**787,612**	**588,572**	**351,976**	**(35,625)**	**2,451,709**
Net fee and commission income	568,379	463,136	223,046	233,594	8,214	1,496,369
Net trading income	55,713	57,077	101,977	58,658	(105,783)	167,642
Net income from derivatives	(10,929)	(4,958)	(7,302)	(1,121)	4,390	(19,921)
Net income from financial investments	1,753	(18,923)	5,383	(13,836)	(15)	(25,638)
General administrative expenses	(930,035)	(772,706)	(455,870)	(396,656)	(77,763)	(2,633,030)
thereof staff expenses	(454,853)	(344,411)	(217,015)	(208,030)	(51,705)	(1,276,014)
thereof other administrative expenses	(389,498)	(338,589)	(211,976)	(149,906)	(23,510)	(1,113,480)
thereof depreciation	(85,684)	(89,706)	(26,878)	(38,720)	(2,548)	(243,536)
Other net operating income	(10,160)	23,044	(17,840)	(5,150)	(5,750)	(15,856)
Net income from disposal of group assets	7,860	0	0	0	-	7,860
Profit/loss before taxes	**441,755**	**534,282**	**437,967**	**227,464**	**(212,333)**	**1,429,135**
Income taxes	(90,695)	(84,262)	(125,218)	(66,564)	15,858	(350,880)
Profit/loss after taxes	**351,060**	**450,020**	**312,749**	**160,900**	**(196,475)**	**1,078,255**
Minority interests in profit	(90,488)	(21,456)	13,765	(10,881)	12,791	(96,269)
Consolidated profit/loss	**260,572**	**428,564**	**326,514**	**150,019**	**(183,683)**	**981,986**
Share of profit before tax	26.9%	32.5%	26.7%	13.9%	–	100.0%
Share of profit after tax	27.5%	35.3%	24.5%	12.6%	–	100.0%
Risk-weighted assets (credit risk)	23,532,546	18,939,238	9,551,204	8,511,732	(147,157)	60,387,563
Total own funds requirement	2,400,956	1,704,413	845,343	748,479	67,623	5,766,815
Total assets	36,316,186	25,239,486	14,952,381	8,027,668	861,264	85,396,985
Liabilities	33,909,679	22,487,774	13,381,115	7,046,516	2,053,696	78,878,779
Risk/earnings ratio	25.9%	16.8%	23.0%	34.0%	-	24.1%
Cost/income ratio	56.8%	51.9%	42.6%	48.4%	-	54.0%
Average equity[1]	2,606,729	2,071,959	1,204,829	760,588	(161,319)	6,482,786
Return on equity before tax[1]	16.9%	25.8%	36.4%	29.9%	–	22.0%
Consolidated return on equity after minorities	13.2%	23.3%	26.0%	21.9%	–	17.4%
Average number of staff	13,265	18,261	9,654	20,011	263	61,454
Business outlets	572	1,184	237	1,238	–	3,231

[1] The figures for the segments Russia and CIS Other were adapted due to a different mapping.

Notes

Reporting entity

Raiffeisen International Bank-Holding AG is a financial holding company domiciled at Am Stadtpark 3, A-1030 Vienna and registered at the Vienna Commercial Court (Handelsgericht Wien) under Companies Register number FN 122.119m. The shares have been listed on the Prime Market of the Vienna Stock Exchange since 25 April 2005. *Raiffeisen Zentralbank Österreich Aktiengesellschaft*, Vienna, indirectly holds indirectly the majority stake in the company, totaling 72.8 per cent of its issued share capital as of the balance sheet date. The company belongs to the Group of *Raiffeisen-Landesbanken-Holding GmbH*, Vienna, which is the supreme parent company, and it is fully consolidated into the parent company. This financial holding owns the majority stake in *Raiffeisen Zentralbank Österreich Aktiengesellschaft*. Moreover, Raiffeisen International is also included in the consolidated financial statements of *Raiffeisen Zentralbank Österreich Aktiengesellschaft*.

Raiffeisen International specializes in providing banking and financial services in Central and Eastern Europe (CEE). The Group includes universal banks in 15 countries that operate a broad network of local business outlets. Raiffeisen International provides a comprehensive range of banking and financial services through these banks and other financial institutions. These services range from account management, payment transfer, depositbusiness, lending, trade finance, and credit card services to mortgages, leasing, syndicated loans, and capital market transactions. The Group's diversified client base comprises multinational and large local customers, small and medium-sized enterprises, public sector institutions, and retail customers.

These consolidated financial statements were signed by the Managing Board on 26 February 2010 and subsequently submitted to the Supervisory Board for review and approval (ascertainment).

Principles underlying the consolidated financial statements

Policies

The consolidated financial statements for the financial year 2009 and the comparative figures for the financial year 2008 were prepared by applying Section 245a UGB 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 interpretations of the International Financial Reporting Interpretations Committee (IFRIC/SIC). All standards published by the IASB to be applied to financial statements for 2009 and adopted by the EU, have been applied as far as they were obligatory for the business year. IAS 20, IAS 31, IAS 41, IFRS 4 and IFRS 6 were not applied as there were no relevant business transactions in the Group.

New application of amended standards and interpretations, which have been mandatory since 2009, i.e. IAS 1 (Presentation of Financial Statements, effective as of 1 January 2009), IAS 23 (Borrowing Costs; effective as of 1 January 2009), IAS 32 (Callable Financial Instruments and Obligations Arising from Liquidation, effective as of January 1, 2009), IFRS 2 (Terms and Conditions and Cancellations, effective as of 1 January 2009), IFRIC 9 (Reassessment of Embedded Derivatives; effective as of 30 June 2009), IFRIC 13 (Customer Loyalty Programmes; effective as of 1 July 2008), IFRIC 15 (Agreements for the Construction of Real Estate), IFRIC 16 (Hedges of a Net Investment in a Foreign Operation) and changes in the so-called "Improvements Project" had no material effect on the recognition and measurement methods of the bank.

In March 2009 the IASB adopted a revised IFRS 7 (Improvements to Information on Fair Value and Liquidity Risk, effective as of 1 January 2009), which contains additional information on the fair value and the liquidity risk of financial instruments. For the calculation of fair value a tabular breakdown of each class of financial instruments, a three-level fair value hierarchy, has been specified and the scope of the disclosure requirements has been expanded. In addition, the information on liquidity risk has been clarified and expanded. These changes have resulted in additional notes to the consolidated financial statements.

IFRS 8 (Operating Segments) was adopted early for the fiscal year 2008 and has been mandatory since 1 January 2009.

Other relevant standards and interpretations that have been published, but whose application is not yet compulsory, have not yet been adopted. This applies to the amended IFRS 2 (Share-base Payment within the Group which are Settled in Cash, effective as of 1 July 2009), IFRS 3 and IAS 27 (Business Combinations, effective as of 1 July 2009), IAS 24 (Related Party Disclosures, effective as of 1 January 2011), IAS 32 (Classification of Warrants; effective as of 1 February 2010), IAS 39 (Eligible Hedged Items, effective as of 1 July 2009), IFRIC 17 (Distributions of Non-cash Assets to Owners, effective as of 1 July 2009), IFRIC 19 (Extinguishing Financial Liabilities with Equity Instruments, effective as of 1 July 2010), IFRIC 14 (The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction, effective as of 1 January 2011) as well as changes in the so-called "Improvements Project. "

The consolidated financial statements are based on the reporting packages of all fully consolidated Group members, which are prepared according IFRS rules and uniform Group standards. All fully consolidated companies prepared their annual financial statements as of 31 December with the exception of two subsidiaries accounted for within interim financial statements – the balance sheet date is on 30 June due to reasons of dividend policy. Figures in these financial statements are stated in thousands of euros. The following tables may include rounding differences.

A financial asset is recognized when it is probable that the future economic benefits will flow to the enterprise and the cost or value can be reliably measured. A financial liability is recognized when it is probable that an outflow of resources embodying economic benefits will result from the settlement of the obligation and the amount at which the settlement will take place can be measured reliably.

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 our current perspective. Basically, this applies to impairment losses on loans and advances, fair value and impairment of financial instruments, deferred taxes, provisions for retirement and similar benefits, the recoverability of goodwill and intangible fixed assets that are recognized in the course of business combinations. The actual figures may deviate from the estimated values.

Deferred taxes were not separately shown in the income statement and on the statement of financial position. Details are provided in the Notes (11), (25) and (29).

Consolidation methods

Raiffeisen International consolidates all material subsidiaries, in which *Raiffeisen International Bank-Holding AG* directly or indirectly, holds either more than 50 per cent of the voting rights or otherwise has control over the financial and operating policies. In principle, these subsidiaries are firstly integrated on the date when the group obtains control of the company and are excluded when the group no longer has control of the company. The Group reviews the adequacy of the decision on which companies were consolidated at least every quarter. Accordingly, changes in ownership but also changes due to existing or newly signed contractual obligations by a unit of the Group are taken into account. The results from subsidiaries that were acquired or disposed of during the year are recorded, in the consolidated income statement, either from the actual date of acquisition or up to the actual date of disposal.

Special purpose entities (SPE) founded for securitization transactions, which are controlled by the group from an economic point of view, are integrated according to SIC 12. To determine whether a special purpose entity is controlled from an economic perspective, a number of factors are to be taken into consideration. These include an assessment of whether the activities performed by the SPE in favor of the Group are in accordance with its specific business needs so that it can benefit from SPE´s activities, whether the Group has the decision-making power to profit from the majority of the SPE´s benefits, whether the Group receives the majority of the benefits of the SPE´s operations or the Group retains the majority of the assets associated with the actually residual or ownership risks in order to benefit from its activities.

In the event that further shares are acquired under existing control or shares are sold without loss of control, such transactions are recognized resulting in neither profit nor loss in equity during the course of continuing consolidation.

Intra-group business combinations (transactions under common control) are accounted for by carrying over book values.

Minority interests are shown in the consolidated statement of financial position as part of equity, but separately from Raiffeisen International's shareholders' equity. The net profit attributable to minority interests is shown separately in the consolidated income statement.

Material interests in associated companies – the Group exerts a significant influence on financial and operating polices of these companies – are valued at equity and reported under investments in associates. Profit or losses occurring in companies valued at equity are shown net in current income from associates. The same rules apply to companies valued at equity (offsetting acquisition costs against proportional fair net asset value) as apply to fully consolidated companies. On principle, IFRS financial statements of associated companies are used. Changes in equity of companies valued at equity are shown in the consolidated accounts in other comprehensive income.

Shareholdings in subsidiaries not included in the consolidated financial statements because of their minor significance and shareholdings in companies that have not been valued at equity are shown under financial investments and are measured at amortized cost.

Business combinations

In the course of capital consolidation, all identifiable assets, liabilities and contingent liabilities of the subsidiary are measured at their fair values on the acquisition date according to IFRS 3. The acquisition costs are offset with the proportional net assets. The resulting positive differences are capitalized as goodwill. The goodwill is tested annually for impairment. Negative differences arising within initial consolidation will be recognized immediately in profit.

On each balance-sheet date, goodwill is examined with a view to their future economic utility on the basis of cash generating units. A cash generating unit is defined by the management and represents the smallest identifiable group of assets of a company that generates cash inflows from operations. Within Raiffeisen International, all segments according to segment reporting are determined as cash generating units and within the segments, the legal entities themselves form the cash generating unit intended for impairment testing of goodwill. The carrying value of the cash generating unit (including any allocated goodwill) is compared with its recoverable value. The recoverable value represents the higher value of an item’s value in use and the fair value less cost to sell. It is based on the expected cash flows in accordance with the business plan of the units. They are discounted at an interest rate reflecting the risk involved. The estimation of future earnings requires judgment of the past and actual performance and the expected development in the respective markets and overall macro-economic environment.

The estimation of the future development of the cash generating units starts with macroeconomic facts (gross domestic product, inflation expectations) and considers specific market conditions and the business policy. In order to better reflect the mid-term development, a ten-year detail planning period was chosen. The data is used to capture the terminal value on a going concern concept. The profit after tax in compliance with the solvency regulations considering a security reserve serves as basis for the calculation. Discounting is made on different country-specific equity capital cost rates, which are based on the capital asset pricing model. The individual components (risk-free interest rate, inflation difference, market risk premium, country-specific risks and beta factors) are defined by using external information sources. The inflation-adjusted discount rates used in 2009 for the cash generating units range from 9.66 per cent to 24.17 per cent (2008: 10.14 per cent and 31.51 per cent). The annual impairment test for goodwill for 2009 and 2008 did not result in an impairment loss as the recoverable amount for all cash generating units was higher than their respective carrying amount.

Companies of Raiffeisen International Group use brands to differentiate their services from the competition. According to IFRS 3, brands of acquired companies have been recognized separately under the item intangible fixed assets. Brands have an undeterminable useful life and are therefore not subject to scheduled amortization. Brands have to be tested annually for impairment and additionally whenever indications of impairment arise.

The value of brands was determined using the comparable historical cost approach, because neither immediately comparable transactions nor a market with observable prices were available at the time of purchase price allocation. Documentation of brand-related marketing expenses in the previous years was taken as the data base for the historical cost approach.

If customer contracts and associated customer relationships are acquired in a business combination, they must be recognized separately from goodwill, if they are based on contractual or other rights. The acquired companies meet the criteria for a separate recognition of non-contractual customer relationships for existing customers. The customer base is valued using the multi-period excess earnings method based on projected future income and expenses allocable to the respective customer base. The projections are based on planning figures for the corresponding years.

Consolidation entries

In the scope of debt consolidation, intra-group balances between parent company and subsidiaries and intra-group balances between subsidiaries are eliminated in the consolidated accounts. Remaining temporary differences are recognized under other assets/other liabilities.

Intra-group income and expenses are off-set and timing differences resulting from bank business transactions are shown in net interest income. Other differences were shown in other net operating income.

Intra-group results are eliminated insofar as they had a material effect on the items of the income statement. Bank business transactions between Group members are usually executed at arm's length terms.

Consolidated group

The number of fully consolidated companies and companies valued at equity changed as follows:

	Fully consolidated		Equity method	
Number of units	**2009**	**2008**	**2009**	**2008**
As of 1/1	131	121	1	3
Included for the first time in the financial period	8	19	0	0
Merged in the financial period	(3)	(2)	0	0
Excluded in the financial period	(1)	(7)	0	(2)
As of 31/12	**135**	**131**	**1**	**1**

Because of their minor importance in giving a view of the Group's assets, and financial and earnings position, 92 subsidiaries were not included in the consolidated financial statements (2008: 87). They were recognized at amortized cost under financial investments. The total assets of the companies not included in the Group came to less than 1 per cent of the Group's aggregated total assets.

A list of fully consolidated companies, companies valued at equity and other equity participations may be found on page 218 ff.

In the financial year 2009, the following companies were included into the consolidated financial statements for the first time:

Name	Share	Included as of	Fact
Banks			
Raiffeisen International Direct Bank AG, Vienna (AT)	100.0%	1/12	Start of operations
Financial institutions			
ACB Ponava, s.r.o., Prague (CZ)	34.5%[1]	1/3	Start of operations
REC Alpha LLC, Kiev (UA)	99.9%	1/7	Foundation
REH Limited, Limassol (CY)	100.0%	1/7	Foundation
Raiffeisen Leasing Kosovo LLC, Prishtina (RS)	92.5%	1/1	Materiality
SCTAI Angol Iskola Kft, Budapest (HU)	56.9%	22/9	Start of operations
Financial holding companies			
Lexxus Services Holding GmbH, Vienna (AT)	100.0%	1/12	Materiality
Companies rendering banking-related ancillary services			
Regional Card Processing Center s.r.o., Bratislava (SK)	63.0%	1/1	Materiality

[1] Computed effective share; integration due to control.

Mergers

In the financial year 2009, three mergers took place: *Raiffeisen Finance d.o.o.*, Sarajevo, was merged as of 30 September 2009 into *Raiffeisen Leasing d.o.o.*, Sarajevo. *SCTAI Angol Iskola Kft.*, Budapest, was merged as of 1 October 2009 into *SCT Brit Iskola Kft.,* Budapest and renamed in *SCTAI Angol Iskola Kft.,* Budapest. *Negyedik Vagyonkezelö Kft.,* Erd, was incorporated as of 1 December 2009 into *Raiffeisen Ingatlan Vagyonkezelö Kft.*, Budapest.

Excluded units

ACB Ponava, s.r.o., Prague, operating in real estate leasing business was integrated for the first time as of 1 March 2009. As of 22 December 2009, the company was excluded from the consolidated group due to sale to *Raiffeisen-Leasing GmbH,* Vienna.

Foreign currency translation

Financial statements of fully consolidated companies prepared in foreign currencies were translated into euros employing the modified current rate method in accordance with IAS 21. Equity was translated at its historical exchange rates while all other assets, liabilities and the notes were translated at the prevailing foreign exchange rates as of the balance sheet date. Differences arising from the translation of equity (historical exchange rates) were offset against retained earnings and not recognized in income statement.

The items of the income statement were translated at the average exchange rates during the year calculated on the basis of month-end rates. Differences arising between the exchange rate as of the balance sheet date and the average exchange rate applied in the income statement were offset against equity and not recognized in the income statement.

In the case of one subsidiary not headquartered in the euro-area (*GSI Group Software Investment AG*, Zug), the euro was the reporting currency for measurement purposes given the economic substance of the underlying transactions. *Roof Russia S.A.*, Luxembourg, carries out its business transactions and refinancing in USD, therefore the functional currency is the USD. The following exchange rates were used for currency translation:

	2009		2008	
Rates in units per €	**As of 31/12**	**Average**	**As of 31/12**	**Average**
Albanian lek (ALL)	137.960	131.975	123.800	122.931
Belarusian rouble (BYR)	4,106.110	3,841.162	3,077.140	3,157.684
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)	7.300	7.345	7.356	7.230
Czech koruna (CZK)	26.473	26.525	26.875	25.161
Hungarian forint (HUF)	270.420	280.304	266.700	251.255
Kazakh tenge (KZT)	212.840	203.742	170.890	177.714
Moldovan leu (MDL)	17.625	15.510	14.741	15.432
Polish zloty (PLN)	4.105	4.332	4.154	3.533
Romanian leu (RON)	4.236	4.225	4.023	3.693
Russian rouble (RUB)	43.154	44.068	41.283	36.691
Serbian dinar (RSD)	95.889	93.695	88.601	81.704
Slovak koruna (SKK)	–	–	30.126	31.314
Ukrainian hryvnia (UAH)	11.449	10.893	10.855	7.869
US-Dollar (USD)	1.441	1.396	1.392	1.473

Recognition and measurement principles

Financial instruments: Recognition and measurement (IAS 39)

According to IAS 39, financial assets, financial liabilities and derivative financial instruments are to be recognized on the statement of financial position. A financial instrument is defined as any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Measurement of financial instruments is effected according to the measurement categories to which they belong. They are defined as follows:

1. Financial assets or liabilities at fair value through profit and loss
   a. Trading assets/liabilities
   b. Designated financial instruments at fair value
2. Financial assets held-to-maturity
3. Loans and advances
4. Financial assets available-for-sale
5. Financial liabilities

1. Financial assets or liabilities at fair value through profit and loss

a. Trading assets/liabilities
Trading assets/liabilities are acquired or incurred principally for the purpose of generating profit from short-term fluctuations in market prices. Securities (including short selling of securities) and derivative financial instruments held for trading are recognized at their fair values. If securities are listed, the fair value is based on stock exchange prices. Where such prices are not available, internal prices based on present value calculations for originated financial instruments and futures or option pricing models for options are applied. Present value calculations are based on the zero-coupon curve. As option price formulas Black-Scholes 1972, Black 1976 or Garman-Kohlhagen are applied depending on the kind of option.

Derivative financial instruments held for trading are also shown under trading assets or trading liabilities. Positive fair values including accrued interest (dirty price) are shown under trading assets. Negative fair values are recorded under trading liabilities. Positive and negative fair values are not netted. Changes in dirty prices are recognized in net trading income. Derivatives that are used neither for trading purposes nor for hedging purposes are recorded under the item derivative financial instruments. Furthermore, any liabilities from the short selling of securities are shown in trading liabilities.

b. Designated financial instruments at fair value
This category comprises mainly all those financial assets that are irrevocably designated as financial instrument at fair value (so called fair value option) upon initial recognition in the statement of financial position independent of the intention to trade. An entity may use this designation only when doing so results in more relevant information, because a group of financial assets, financial liabilities or both is managed and its performance is evaluated on a fair value basis.

These instruments are debt securities and other fixed-interest securities or equities and other variable-yield securities. These financial instruments are valued at fair value under IAS 39. In the statement of financial position they are shown under the item financial investments, current income is shown under net interest income, valuation results and proceeds from disposals are shown in net income from financial investments.

2. Financial assets held-to-maturity

Non-derivative financial assets (securities with fixed or determinable payments and fixed maturities) purchased with the intention and ability to hold them to maturity are reported in the item financial investments. They are recognized at amortized cost and differences are amortized over the term to maturity and recognized in the income statement under net interest income. If impairment occurs it is taken account of when determining the amortized cost and impairment is shown in net income from financial investments. Coupon payments are also recognized under net interest income. A sale of these financial instruments is only allowed in cases as stated in IAS 39.

3. Loans and advances

Non-derivative financial assets with fixed or determinable payment for which there is no active market are allocated to this category. They are measured at amortized cost. If impairment occurs it is taken account of when determining the amortized cost. If there is a difference between the amount paid and face value – and this has interest character – the effective interest method is used and the amount is accrued as profit or loss. Profits from the sale of receivables are recognized in the income statement item provisioning for impairment losses. Moreover, debt instruments are also stated there if there is no active market. Derecognition of financial assets within the framework of securitizations is – after checking if the securitized special purpose entity has to be integrated into the consolidated accounts – done on a risk and rewards or control test according to IAS 39 after identifying loss of control over the contractual rights arising from the financial asset.

4. Financial assets available-for-sale

The category of financial assets available-for-sale contains those financial instruments (mainly equity participations for which there are no active market) that did not qualify for any of the other three categories. They are stated at fair value, if a fair value is reliably measurable. Valuation differences are shown in other comprehensive income and only recognized in the income statement under net income from financial investments if there is an objective indication of impairment. For equity instruments impairment exists, among other things, if the fair value is either significantly or for a prolonged period of time below cost.

In the Group equity instruments classified available-for-sale are written-off when the fair value over the last six months before the reporting date was more than 20 per cent below carrying value, or in the last twelve months, on average, more than 10 per cent below carrying value. In addition to these quantitative indications (trigger events), qualitative indications from IAS 39.59 are considered. It is not permitted to include the appreciation in value in the income statement for equity instruments classified as available for sale, but rather this should be recognized in other comprehensive income under the item fair value reserve (available-for-sale financial assets). This means that only impairments or disposals are to be shown in the income statement.

For unquoted equity instruments, for which reliable fair values cannot be assessed regularly and are therefore valued at cost less impairment losses, it is not possible to show an appreciation in value.

This kind of financial instruments is reported under financial investments.

5. Financial liabilities

Liabilities are recognized at amortized cost. Discounted debt securities and similar obligations are measured at their present value.

Reclassification

In accordance with IAS 39.50, in exceptional circumstances, non-derivative financial instruments classified as trading assets and available-for-sale financial instruments can be reclassified to financial assets held-to-maturity and loans and advances. In contrast to the previous year, no use was made of the possibility to reclassify in 2009. Further details can be found in the notes position (20) financial investments.

Fair value

The fair value is the amount for which an asset could be exchanged and liability settled between knowledgeable, willing parties at arm's length terms.

Quotation on an active market (level I)
If market prices are available, the fair value is reflected by the market price. This category contains equity instruments traded on the stock exchange, debt instruments traded on the interbank market, and derivatives traded on the stock exchange.

Measurement techniques based on observable market data (level II)
When current bid and asking prices for financial instruments are unavailable, the prices of similar financial instruments provide evidence of the current fair value or are determined by accepted measurement methods enclosing observable prices and parameters (in particular present value calculation or option price model). These methods concern the majority of the OTC-derivates and non-quoted debt instruments.

Measurement techniques not based on observable market data (level III)
If no observable stock exchange prices or prices are available, the fair value will be measured by adequate measurement models. The utilization of these models requires assumptions and estimates of the management. The scope of assumptions and estimates depend on the price transparency of the financial instrument, the market and the complexity of the instrument.

Categories of financial instruments according to IFRS 7

As the nature of the financial instruments is already shown by the classification of the items of the statement of financial position, the formation of categories is built in line with these items, which include financial instruments. Categories of financial instruments on the asset side are cash reserve, loans and advances to banks, loans and advances to customers, trading assets, derivative financial instruments, derivatives for hedge accounting, and financial investments (among this category are separately financial assets not traded on an active market and which are shown at cost). Categories of financial instruments on the liability side are liabilities from trading activities, derivative financial instruments, derivatives for hedge accounting, deposits from banks, deposits from customers, debt securities issued and subordinated capital.

Classes	Measurement			Category according to IAS 39
	Fair value	Amortized cost	Others	
Asset classes				
Cash reserve			Nominal value	n/a
Trading assets	X			Held for trading
Derivatives	X			Held for trading
Loans and advances to banks		X		Loans and advances
Loans and advances to customers		X		Loans and advances
thereof finance lease business		X		n/a
Financial investments	X			At fair value through profit or loss
Financial investments	X			Available-for-sale
Financial investments		X		Held-to-maturity
thereof financial investments not traded on an active market			At Cost	Available-for-sale
Positive fair values of derivatives for hedge accounting (IAS 39)	X			n/a
Liability classes				
Trading liabilities	X			Held for trading
Derivatives	X			Held for trading
Deposits from banks		X		Financial liabilities
Deposits from customers		X		Financial liabilities
Debt securities issued		X		Financial liabilities
Subordinated capital		X		Financial liabilities
Negative fair values of derivatives for hedge accounting (IAS 39)	X			n/a

Derivatives

The Group uses derivates including swaps, standardized forward contracts, futures, credit derivatives, options and similar contracts. Within the operating activity, the Group carries out different transactions with derivative financial instruments for trading and hedging purposes. The Group applies derivatives, in order to meet the requirements of the clients concerning the risk management, to manage and secure the risks and to generate profit in proprietary trading. Derivatives are initially recognized at the time of the transaction at fair value and subsequently revalued to fair value. The resulting valuation gain or loss is recognized immediately in net income from derivatives, unless the derivative is designated as a hedging instrument for hedge accounting purposes and the hedge is effective. Here the timing of the recognition will depend on the type of hedging relationship.

Derivatives, which are used for hedging against market risk (excluding trading assets/liabilities) for a non-homogeneous portfolio, do not meet the conditions for IAS 39 hedge accounting. These are recognized as follows: the dirty price is booked under derivatives in the statement of financial position (positive fair values on the asset side and negative fair values on the liability side). The change in value of these derivatives, on the basis of the clean price, is shown in net income from derivatives and interest is shown in net interest income.

Credit derivatives, whose value is dependent on future expected specified credit (non-) events are shown under derivatives (positive fair values on the asset side and negative fair values on the liability side with their fair values). Changes in valuation are recognized under net income from derivatives.

Hedge Accounting

If derivates are held for the purpose of risk management and if the respective transactions meet specific criteria, the Group uses hedge accounting. The Group designates hedging instruments, primarily derivatives, as either fair value hedges, cash-flow hedges or hedge of a net investment in a foreign operation (capital hedge). At the beginning of the hedging relationship, the relationship between underlying and hedging instrument, including the risk management objectives, is documented. Furthermore, it is necessary to document from the beginning and during the hedging relationship that the fair value or cash flow hedge is effective to a large degree.

a) Fair value hedge
Hedge Accounting according to IAS 39 applies for those derivatives that are used to hedge the fair values of financial assets and liabilities. Especially the credit business is subject to such fair value risks if it deals with fixed-interest loans. Interest-rate swaps that satisfy the prerequisites for hedge accounting are contracted to hedge against the interest-rate risks arising from loans. Hedges are formally documented, continuously assessed, and rated to be highly effective. In other words, throughout the term of a hedge, one can assume that changes in the fair value of a hedged item will be nearly completely offset by a change in the fair value of the hedging instrument and that the actual outcome will lie within a band of 80 to 125 per cent.

Derivative instruments held to hedge the fair values of individual items of the statement of financial position (except trading assets/liabilities) are recognized at their fair values (dirty prices) under derivatives (on the assets side: positive dirty prices; on liabilities side: negative dirty prices). Changes in the carrying amounts of hedged items (assets or liabilities) are allocated directly to the corresponding items of the statement of financial position and reported separately in the notes. Both the effect of changes in the carrying values of positions requiring hedging and the effects of changes in the clean prices of the derivative instruments are recorded under net income from derivatives (net income from hedge accounting).

b) Cash-flow hedge

Cash flow hedge accounting according to IAS 39 applies for those derivatives that are used to hedge against the risk of fluctuating future cash flows. Especially variable-interest liabilities are subject to such cash flow risks. Interest rate swaps used to hedge against the risk of fluctuating cash flows arising from specific variable interest-rate items, were recognized as follows: The hedging instrument was recognized at fair value, therefore changes in its clean price are recorded as separate item in other comprehensive income.

c) Hedge of a net investment in a foreign operation (capital hedge)

In the Group, hedges of investments in economically independent sub-units (IAS 39.102) were made in order to reduce differences arising from the translation of equity. Liabilities in foreign currency, currency options, currency futures and currency swaps are mainly used as hedging instruments.

Where the hedge is effective the resulting gains or losses from foreign currency translation are recognized and shown separately in other comprehensive income.

Any ineffective part of this hedge relation is recognized in net trading income. The related interest components are shown in net interest income. There were no deferred taxes calculated due to the applied exception regulations according to IAS 12.39.

Offsetting

In the case of identity of borrower and lender, offsetting of loans and liabilities with matching maturities and currencies occurs, only if a legal right, by contract or otherwise exists and offsetting is in line with the actually expected course of the business.

Cash reserve

The cash reserve includes cash in hand and balances at central banks that are due on call. They are shown with their nominal value.

Impairment losses on loans and advances

At each balance sheet date it is assessed whether there is any objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred, if:

- there is objective evidence of impairment as a result of a loss event that occurred after the initial recognition of the asset until the balance sheet date (a 'loss event'),
- that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets and
- the amount can be reliably estimated.

Credit risk is accounted for by making individual impairment provisions and portfolio-based impairment provisions. The latter comprise impairment provisions for portfolios of loans with identical risk profiles that may be compiled under certain conditions. In the retail segment, provisions are built according to product portfolio and past due days. Individual and portfolio-based impairment provisions are not netted against corresponding receivables but are stated separately in the statement of financial position.

For credit risks related to loans and advances to customers and banks, provisions are made in the amount of expected loss according to homogeneous Group-wide standards. Risk of loss is deemed to exist if the discounted projected repayment amounts and interest payments are below the carrying value of the loans, taking collateral into account. Portfolio-based impairments are calculated according to valuation models that estimate expected future cash flows for the loans in the respective loan portfolio based on loss experience history. This is carried out regularly by considering economic conditions. For retail portfolios without a documented loss history of their own, peer group benchmark figures serve as a comparative base.

The entirety of the provision for impairment losses arising from loans reported in the statement of financial position (individual loan loss provisions and portfolio-based provisions) is shown as a separate item on the assets side, below loans and advances to banks and customers. The provision for impairment losses arising from transactions outside the statement of financial position is recorded under provisions for liabilities and charges.

Derecognition of financial assets and liabilities

Derecognition of financial assets

A financial asset is derecognized when the contractual rights to the cash flows arising from a financial asset expire or when the Group has transferred the rights or if the Group has the obligation in case that certain criterion occurs to transfer the cash flows to one or more receivers. A transferred asset is derecognized if all material risks and rewards of ownership of the assets are transferred.

Securitization transactions

The group securitizes several financial assets from transactions with private customers and business customers by selling them to a special purpose entity that issues securities to investors. The assets transferred are derecognized fully or partly. Rights to securitized financial assets can be retained in the form of junior or subordinated tranches, interest claims or other remaining claims (retained rights).

Derecognition of financial liabilities

The Group derecognizes a financial liability if the obligations of the Group have been paid, expired or revoked.

Genuine sale and repurchase agreements

In a genuine sale and repurchase transaction, the transferor sells assets to a third party and agrees at the same time to repurchase these assets at an agreed price and time. The assets remain on the statement of financial position of the transferor and are measured like the item in the statement of financial position where they are shown. Cash inflows arising from a sale and repurchase transaction are recognized in the statement of financial position as deposits from banks or deposits from customers depending on the counterparty.

Under reverse repurchase agreements, assets are acquired with the obligation to sell them in the future. Cash outflows arising from reverse repurchase agreements are recorded in the statement of financial position under loans and advances to banks or loans and advances to customers.

Interest expense from sale and repurchase agreements and interest income from reverse sale and repurchase agreements are accrued in a straight line over their term to maturity and are shown under net interest income.

Securities lending

Securities lending transactions are shown in the same way as genuine sale and repurchase agreements. This means loaned securities continue to remain in the securities portfolio and are valued according to IAS 39. Borrowed securities are not recognized and not valued. Cash collateral provided for securities-lending transactions are shown as a claim and collateral received are shown as a liability.

Leasing

Leases are classified according to their contractual structure as follows:

Finance leases
When nearly all the risks and rewards of a leased asset are transferred to the lessee, the Group as lessor recognizes a loan to banks or customers. The loan amount is the amount of the net investment. The proceeds from the finance lease are distributed at a constant periodic rate of the outstanding net investment in the leases. Under a finance lease the lessee holds assets that are shown under the relevant tangible fixed asset item, which corresponds to a lease liability.

Operating leases
An operating lease occurs when the risks and rewards of ownership remain with the lessor. The leased assets are allocated to the Group under tangible fixed assets and depreciated in accordance with the principles applicable to the type of fixed assets. Rental income from the corresponding lease object is amortized on a straight-line basis over the term of the leasing contract and reported in other net operating income. Operating expenses for leases are generally amortized on a straight-line basis over the term of the leasing contract and reported as administrative expenses.

Equity participations

Shareholdings in subsidiaries not included in the consolidated financial statements because of their minor significance and shareholdings in companies that are not valued at equity are shown under financial investments and are measured at amortized cost if no shares prices are available.

Other shareholdings are categorized as financial assets available-for-sale upon initial recognition. Changes in value are therefore recognized in other comprehensive income. Permanent impairment is shown in net income from financial investments.

Intangible fixed assets

Under this item, internally developed and acquired software, brand rights, acquired customer bases and especially goodwill are stated. Goodwill and other intangible fixed assets (e.g. brand rights) without definite useful lives are tested for impairment at every balance sheet date. Whenever events or changes in circumstances indicate that the expected benefit no longer exists, impairment must be made pursuant to IFRS 3.

Acquired intangible fixed assets (software, and customer base) with determinable useful lives are capitalized at acquisition cost and amortized over their estimated useful lives.

Internally developed intangible fixed assets comprise without exemption software. Software is capitalized if it is probable that the future economic benefits attributable to the asset will accrue to the enterprise and the cost of the asset can be measured reliably. The useful life of software is between four and six years and may be longer for major software projects. The useful life of the acquired customer base was set at seven years for corporate customers and for the acquired customer base in the retail segment of *Raiffeisen Bank Aval JSC* at 20 years and for *OAO Impexbank* (meanwhile merged with *ZAO Raiffeisenbank*) and *eBanka a. s.* (meanwhile merged with Raiffeisenbank a.s.) at five years.

Tangible fixed assets

Tangible fixed assets are measured at cost of acquisition or conversion less scheduled depreciation. The straight-line method is used for depreciation and is based on the following useful life figures:

Useful life	Years
Buildings	25–50
Office furniture and equipment	5–10
Hardware	3–5

Land is not subject to scheduled depreciation.

Expected useful lives, residual values and depreciation methods are reviewed annually and any necessary future change of estimates are taken into account. If a permanent impairment was to be expected, extraordinary write-downs were carried out. In the event that the reason for the write-down no longer applies, a write-up will take place up to the amount of the amortized cost of the asset.

The resulting gain or loss from the sale of any asset is determined as the difference between the proceeds and the carrying value of the asset and is recognized in other net operating income. When assets are retired, the remaining carrying amount is also recognized in the income statement.

Investment property

This means property that is held to earn rental income and/or for capital appreciation. Investment property is reported at amortized cost using the cost model permitted by IAS 40 and is shown under tangible fixed assets because of minor importance. Income resulting from investment property is shown in other net operating income.

Inventory

Inventories are measured at the lower of cost or net realizable value. Write-downs are made if the acquisition cost is above the net realizable value as of the balance sheet date or if limited usage or longer periods for storage have impaired the value of the inventory.

Non-current assets held for sale and discontinued operations

Non-current assets and discontinued operations are classified as held for sale when the related carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is only considered met if the sale is highly probable and the asset (or discontinued operation) is immediately available for sale and furthermore that the management has committed itself to a sale. Moreover, the sale transaction must be completed within 12 months.

Non-current assets and discontinued operations classified as held for sale are valued at the lower amount of their original carrying value or fair value less costs to sell and are reported under other assets.

Provisions for liabilities and charges

Provisions are recognized when the Group has a present obligation from a past event, where it is likely that it will be obliged to settle, and a reliable estimate of the amount is possible. The level of provisions is the best possible estimate of expected outflow of economic benefits at the balance sheet date while taking into account the risks and uncertainties underlying the commitment to fulfill the obligation. These provisions are not discounted because the resulting interest effect is immaterial.

Provisions for pensions and similar obligations

All defined benefit plans relating to so-called social capital (provisions for pensions, provisions for severance payments, provisions for anniversary bonuses) are measured using the Projected Unit Credit Method in accordance with IAS 19 – Employee Benefits.

The actuarial calculation of pension obligations for active employees is based on the following assumptions:

Per cent	2009	2008
Interest rate	4.75	6.0
Effective salary increase for active employees	3.0	3.0
Individual career trend for active employees	2.0	2.0
Expected increase in retirement benefits	2.0	2.0
Expected return on plan assets	4.25	4.25

Calculations are based on an assumed retirement age of 65 years and are subject to transitional statutory regulations and special arrangements in individual contracts. Actuarial gains or losses calculated for pension obligations are recognized immediately in profit. The right to vote according to IAS 19.92 (corridor method) was not applied.

The actuarial computation of severance payments and anniversary bonuses is based on the following assumptions:

Per cent	2009	2008
Interest rate	4.75	6.0
Average increase in salary	3.0	3.0
Individual career trend	2.0	2.0

The biometrical basis for the calculation of provisions for pensions, severance payments and anniversary bonuses of Austrian companies is provided by AVÖ 2008-P-Rechnungsgrundlagen für die Pensionsversicherung (Computational Framework for Pension Insurance) – Pagler & Pagler, using the variant for salaried employees. In other countries, comparable actuarial parameters are used for calculation.

Defined contribution plans

Under defined contribution plans, the company pays fixed contributions into a separate entity (a fund). These payments are recognized as staff expense in the income statement.

Subordinated capital

The item comprises subordinated capital and supplementary capital. Liabilities documented or undocumented, are subordinated if, in the event of liquidation or bankruptcy, they can only be met after the claims of the other – not subordinated – creditors have been satisfied. Supplementary capital contains all paid in own funds which are available for the company for more than eight years, for which interest is paid only from the profit (before changes in reserves) and which can be repaid in the case of solvency only after all other debtors are satisfied.

Own shares

Own shares held by *Raiffeisen International Bank-Holding AG* as of the balance sheet date are deducted from equity. No gain or loss may be recognized in profit or loss on the purchase, sale, issue or cancellation of an entity's own equity instruments.

Share-based remuneration

The Managing Board of *Raiffeisen International Bank-Holding AG* obtained Supervisory Board approval to institute a share incentive program (SIP) offering performance-based allotments of company shares for eligible employees at home and abroad for a given period of time. All Managing Board members of *Raiffeisen International Bank-Holding AG*, managing board members of affiliated bank subsidiaries, and selected upper management personnel of *Raiffeisen International Bank-Holding AG* and its affiliated enterprises are eligible to participate.

The number of common shares in *Raiffeisen International Bank-Holding AG* to be actually transferred will depend on meeting two performance criteria: the targeted average return on equity (ROE) and the total shareholder return (TSR) for *Raiffeisen International Bank-Holding AG* shares in relation to TSRs of shares in the Dow Jones EURO STOXX Banks index after a three-year holding period. Moreover, beneficiaries have to be in active service for Raiffeisen International. SIP participation is voluntary.

All share-based remunerations are recognized according to IFRS 2 (Share-based payment) as staff expenses and booked directly against equity.

Net interest income

Interest and similar income mainly includes interest income on loans and advances to banks and customers and from fixed-interest securities. In addition, current income from shares and other variable-yield securities (especially dividends), income from equity participations and from investments accounted for at equity, and similar income calculated as interest are also reported under net interest income. Interest paid and similar charges mainly include interest paid on deposits from banks and customers and on debt securities issued and subordinated capital. Interest income and interest expenses are accrued in the reporting period.

Net fee and commission income

Net fee and commission income mainly includes income and expenses arising from payment transfers, foreign exchange business and credit business. Fee and commission income and expenses are accrued in the reporting period.

Net trading income

Net trading income comprises the trading margins resulting from the foreign exchange business, results due to foreign exchange revaluations and all realized and unrealized gains and losses from financial assets and liabilities at fair value. In addition, it includes all interest and dividend income attributable to trading activities and related refinancing costs.

General administrative expenses

General administrative expenses include staff and other administrative expenses as well as amortization/depreciation and impairment losses for tangible and intangible fixed assets.

Income taxes

Deferred taxes are recognized and calculated in accordance with IAS 12 applying the liability method. Deferred taxes are based on all temporary differences that result from comparing the carrying amounts of assets and liabilities in the IFRS accounts with the tax bases of assets and liabilities and will reverse in the future. Deferred taxes are calculated by using tax rates applicable in the countries concerned. A deferred tax asset should also be recognized on tax loss carry-forwards if it is probable that sufficient taxable profit will be available against which the tax loss carry-forwards can be utilized within the same entity. Deferred tax assets and deferred tax liabilities within the same entity are netted.

Income tax credits and income tax obligations were recorded separately under other assets and tax provisions respectively.

Other comprehensive income

Other comprehensive income comprises all income and expenses directly recognized in equity according to IFRS standards. Other comprehensive income contains currency differences resulting from the translation of equity held in foreign currency, changes resulting from the hedging of a net investment in a foreign entity (capital hedge), the effective part of a cash flow hedge, changes resulting from valuation of available-for-sale financial assets as well as deferred taxes on the mentioned items.

Fiduciary business

Transactions arising from the holding and placing of assets on behalf of third parties are not shown in the statement of financial position. Fees arising from these transactions are shown under net fee and commission income.

Financial guarantees

According to IAS 39, a financial guarantee is a contract under which the guarantor is obliged to make payments that compensate the party to whom the guarantee is issued for a loss arising in the event a particular debtor does not meet payment obligations on time as stipulated in the original terms of the debt instrument. At the date of recognition of a financial guarantee, the initial fair value corresponds under market conditions to the premium at the date of signature of the contract. For subsequent valuations the credit commitment has to be presented as provision according to IAS 37.

Contingent liabilities and commitments

The Group has contingent liabilities from guarantees, credit guarantees, letters of credit and loan commitments recognized at face value. Guarantees are used in situations in which the Group guarantees payment to the creditor to fulfill the obligation of a third party. Irrevocable credit lines must be reported when a credit risk exists. These include commitments to provide loans, to purchase securities or to provide guarantees and acceptances. Loan loss provisions for contingent liabilities and irrevocable loan commitments are reported under provisions for liabilities and charges.

Statement of cash flows

The cash flow statement reports the change in the cash and cash equivalents of the company through the net cash from operating activities, investing and financing activities. Cash flows for investing activities mainly include proceeds from the sale, or payments for the acquisition of financial investments and tangible fixed assets. The net cash from financing activities shows all cash flows from equity capital, subordinated debt, and participation capital. All other cash flows are – according to international practices for financial institutions – assigned to cash flows from operating activities.

Segment reporting

Notes on segment reporting are to be found in the chapter segment reports.

Notes to the nature and extent of risks

Information about risks arising from financial instruments is disclosed in the particular notes. Especially, the risk report contains detailed information in the sections credit risk, country risk, concentration risk, market risk and liquidity risk.

Capital management

Information on capital management, regulatory own funds and risk-weighted assets are disclosed under note (50) capital management and regulatory own funds.

Notes to the income statement

(1) Income statement according to measurement categories

The following table shows income statement according to IAS 39 measurement categories:

€000	2009	2008
Net gains (losses) on financial assets and liabilities held-for-trading	**348,485**	**46,058**
Financial assets and liabilities at fair value through profit or loss	**253,136**	**51,960**
Net interest income	213,645	98,560
Net gains (losses) on financial assets and liabilities at fair value through profit or loss	39,491	(46,600)
Financial assets available-for-sale	**9,404**	**29,552**
Net interest income	5,940	8,552
Net realized gains (losses) on financial assets not measured at fair value through profit and loss	8,540	24,171
Impairment on financial assets not measured at fair value through profit and loss	(5,076)	(3,171)
Loans and advances	**3,271,232**	**4,981,293**
Net interest income	5,009,115	5,761,594
Net realized gains (losses) on financial assets not measured at fair value through profit and loss	12,652	0
Impairment on financial assets not measured at fair value through profit and loss	(1,750,535)	(780,301)
Financial assets held-to-maturity	**183,816**	**166,291**
Net interest income	185,421	166,330
Net realized gains (losses) on financial assets not measured at fair value through profit and loss	3	(38)
Impairment on financial assets not measured at fair value through profit and loss	(1,608)	0
Financial liabilities	**(2,645,736)**	**(2,942,090)**
Interest expenses	(2,645,736)	(2,942,090)
Derivatives (hedging)	**(11,642)**	**(8,117)**
Net interest income	(14,083)	(686)
Net gains (losses) from hedge accounting	2,441	(7,432)
Net revaluations from exchange differences	**25,819**	**248,845**
Other operating income/expenses	**(1,066,917)**	**(1,144,657)**
Profit before tax from continuing operations	**367,597**	**1,429,135**

(2) Net interest income

The net interest income position includes income and expenses from items of banking business, dividend income, and fees and commissions with interest-like characteristics.

€000	2009	2008
Interest income	**5,578,983**	**6,164,628**
from balances at central banks	108,972	206,147
from loans and advances to banks	120,786	298,548
from loans and advances to customers	4,498,805	4,902,210
from financial investments	399,036	263,702
from leasing claims	283,266	354,957
from derivative financial instruments (non-trading), net	168,118	139,064
Current income	**3,038**	**9,138**
from shares and other variable-yield securities	30	1,188
from shares in affiliated companies	1,473	2,829
from other interests	1,535	5,121
Interest-like income	**6,546**	**9,512**
Interest and interest-like income, total	**5,588,567**	**6,183,278**
Current income from associates	**2,931**	**603**
Interest expenses	**(2,650,285)**	**(2,943,553)**
on deposits from central banks	(9,259)	(9,780)
on deposits from banks	(827,940)	(1,105,222)
on deposits from customers	(1,593,821)	(1,582,564)
on debt securities issued	(131,415)	(152,719)
on subordinated capital	(87,850)	(93,268)
Interest-like expenses	**(4,711)**	**(8,318)**
Interest expenses and interest-like expenses, total	**(2,654,996)**	**(2,951,871)**
Net interest income	**2,936,502**	**3,232,010**

The interest margin on the respective averages of the stated base is as follows:

Per cent	2009	2008
Interest margin (total assets)	3.73	3.99
Interest margin (risk-weighted assets, credit risk)	5.38	5.46

Interest income includes interest income (unwinding) from impaired loans to customers and impaired loans to banks in the amount of € 304,849 thousand (2008: € 178,525 thousand). Interest of impaired loans and advances to customers and banks is recognized with the rate of interest used to discount the future cash flows for the purpose of measuring impairment loss. Interest income was already considered by calculating the amount of impairment losses on loans and advances and their disclosure was made according to IAS 38.

(3) Provisioning for impairment losses

Provisioning for impairment losses on items reported on and off the statement of financial position is made as follows:

€000	2009	2008
Individual loan loss provisions	**(1,564,705)**	**(501,961)**
Allocation to provisions for impairment losses	(1,774,035)	(682,898)
Release of provisions for impairment losses	271,455	230,362
Direct write-downs	(87,978)	(72,703)
Income received on written-down claims	25,853	23,278
Portfolio-based loan loss provisions	**(185,829)**	**(278,340)**
Allocation to provisions for impairment losses	(474,261)	(407,908)
Release of provisions for impairment losses	288,432	129,568
Gains from the sales of loans	**12,652**	**0**
Total	**(1,737,882)**	**(780,301)**

Details on risk provisions are shown under note (17) impairment losses on loans and advances.

Ratios	2009	2008
Net provisioning ratio (average risk-weighted assets, credit risk)	3.19%	1.32%
Net provisioning ratio (total loans outstanding)	1.95%	0.80%
Loss rate	0.30%	0.11%
Portfolio rate	3.53%	1.75%
Risk/earnings ratio	59.18%	24.14%

(4) Net fee and commission income

€000	2009	2008
Payment transfer business	543,283	643,179
Loan administration and guarantee business	199,835	200,545
Securities business	42,587	45,173
Foreign currency and precious-metals business	332,878	504,917
Management of investment and pension funds	25,747	37,975
Agency services for own and third party products	45,613	30,448
Credit derivatives business	(1,258)	(1,494)
Other banking services	34,372	35,626
Total	**1,223,057**	**1,496,369**

(5) Net trading income

Net trading income also includes interest and dividend income, refinancing costs, commissions and any changes in fair value of trading portfolios.

€000	2009	2008
Interest-based transactions	116,903	(88,310)
Currency-based transactions	70,893	257,947
Equity-/index-based transactions	(1,471)	(1,418)
Other transactions	15	(577)
Total	**186,340**	**167,642**

In the previous year, the item currency-based transactions included a loss of € 93,936 thousand resulting from the ineffective part of capital hedge for investments in the Ukrainian and Belarusian network unit. In 2009, no positions were attributable to capital hedge.

(6) Net income from derivatives

€000	2009	2008
Net income from hedge accounting	2,441	(7,432)
Net income from credit derivatives	(3,100)	3,191
Net income from other derivatives	8,864	(15,680)
Total	**8,205**	**(19,921)**

Net income from hedge accounting comprises on the one hand, a valuation result of derivatives in fair value hedges amounting to € 1,564 thousand (2008: € 8,199 thousand) and on the other hand, changes in the carrying amounts of the fair value hedged items totaling plus € 877 thousand (2008: minus € 15,631 thousand).

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

(7) Net income from financial investments

Net income from financial investments comprises valuation results and net proceeds from disposal of financial investment portfolio (held-to-maturity), from securities at fair value through profit and loss, and equity participations which include shares in affiliated companies, companies valued at equity, and other companies.

€000	2009	2008
Net income from financial investments held-to-maturity	**(1,605)**	**(38)**
Net valuations of financial investments held-to-maturity	(1,608)	0
Net proceeds from sales of financial investments held-to-maturity	3	(38)
Net income from equity participations	**3,464**	**20,999**
Net valuations of equity participations	(5,076)	(3,171)
Net proceeds from sales of equity participations	8,540	24,170
Net income from securities at fair value through profit and loss	**39,491**	**(46,599)**
Net valuations of securities at fair value through profit and loss	22,588	(44,997)
Net proceeds from sales of securities at fair value through profit and loss	16,903	(1,602)
Total	**41,350**	**(25,638)**

(8) General administrative expenses

General administrative expenses contain staff expenses, other administrative expenses and depreciation on tangible and intangible fixed assets. They break down as follows:

€000	2009	2008
Staff expenses	**(1,054,167)**	**(1,276,014)**
Wages and salaries	(805,599)	(990,608)
Social security costs and staff-related taxes	(207,757)	(231,698)
Other voluntary social expenses	(33,078)	(37,049)
Expenses on severance payments and retirement benefits	(3,950)	(5,817)
Expenses on share incentive program (SIP)	(3,783)	(10,842)
Other administrative expenses	**(970,184)**	**(1,113,480)**
Office space expenses	(308,037)	(314,378)
IT costs	(143,038)	(153,406)
Communication expenses	(80,833)	(86,624)
Legal, advisory and consulting expenses	(99,883)	(108,615)
Advertising, PR and promotional expenses	(80,303)	(132,928)
Deposit insurance fees	(66,388)	(57,024)
Office supplies	(30,714)	(43,723)
Car expenses	(18,532)	(23,241)
Security expenses	(35,928)	(38,818)
Traveling expenses	(15,964)	(26,490)
Training expenses for staff	(13,029)	(24,429)
Sundry administrative expenses	(77,535)	(103,804)
Depreciation on intangible and tangible fixed assets	**(245,375)**	**(243,536)**
Tangible fixed assets	(146,689)	(149,262)
Intangible fixed assets	(68,570)	(67,638)
Leased assets (operating lease)	(30,116)	(26,636)
Total	**(2,269,726)**	**(2,633,030)**

Legal, advisory and consulting expenses include audit fees of the Group companies which comprise expenses paid for the audit of financial statements amounting to € 5,315 thousand (2008: € 6,774 thousand) and tax advisory as well as other additional consulting services provided by the auditors amounting to € 1,954 thousand (2008: € 2,305 thousand). Thereof, € 300 thousand (2008: € 317 thousand) are accounted for by the group auditor for the audit of the consolidated financial statement and the individual financial statement of Raiffeisen International Bank-Holding AG and € 130 thousand (2008: € 126 thousand) is accounted for by other consulting services.

Amortization of intangible fixed assets capitalized in the course of initial consolidation was € 5,687 thousand (2008: € 7,233 thousand). This is due to scheduled amortization of the acquired customer base.

(9) Other net operating income

Other net operating income captures, among other things, sales revenues and expenses from non-banking activities, income and expenses from disposal as well as income from the revaluation of tangible and intangible fixed assets.

€000	2009	2008
Sales revenues from non-banking activities	118,627	194,863
Expenses arising from non-banking activities	(114,522)	(195,881)
Revenues from additional leasing services	84,502	80,303
Expenses from additional leasing services	(88,357)	(78,167)
Net income from operating lease (vehicles and equipment)	35,330	32,009[1]
Net income from investment property incl. operating lease (real estate)	9,167	8,972[1]
Net proceeds from disposal of tangible and intangible fixed assets	(3,080)	(2,716)
Other taxes	(51,679)	(58,074)
Income from release of negative goodwill	28	3,627
Net expense from allocation and release of other provisions	(3,951)	4,516
Sundry operating income	33,411	31,737
Sundry operating expenses	(39,801)	(37,045)
Total	**(20,325)**	**(15,856)**

[1] Adaptation of previous year figures due to different mapping.

(10) Net income from disposal of group assets

Income from disposal of group assets amounting to € 76 thousand resulted from additional proceeds for a subsidiary already sold in the previous year. In 2008, the income from disposal of group assets totaled € 7,860 thousand resulting from the disposal of project companies in Hungary and the Czech Republic.

(11) Income taxes

Income taxes break down as follows:

€000	2009	2008
Current income taxes	(148,722)	(366,308)
Domestic	10,745	20,771
Foreign	(159,467)	(387,079)
Deferred taxes	68,222	15,428
Total	**(80,500)**	**(350,880)**

Raiffeisen International Bank-Holding AG and two of its domestic subsidiaries are members of a joint tax entity headed by *Raiffeisen Zentralbank Österreich Aktiengesellschaft*. This enables them to allocate Group member losses to the Group parent's tax income. In 2009, *Raiffeisen International Bank-Holding AG* was apportioned a tax benefit of € 13,198 thousand including payments of previous periods (2008: € 28,682 thousand) from *Raiffeisen Zentralbank Österreich Aktiengesellschaft*.

The following reconciliation shows the relation between profit before tax and the effective tax burden:

€000	2009	2008
Profit before tax	**367,597**	**1,429,135**
Theoretical income tax expense in the financial year based on the domestic income tax rate of 25 per cent	**(91,899)**	**(357,284)**
Effect of divergent foreign tax rates	51,792	96,456
Tax deductions because of tax-exempted income from equity participations and other income	97,436	37,521
Tax increases because of non-deductible expenses	(81,243)	(59,450)
Other tax deductions and tax increases	(56,586)	(68,123)
Effective tax burden	**(80,500)**	**(350,880)**
Tax rate in per cent	**21.9**	**24.6**

Other tax deductions and tax increases among others include group taxation, belated tax payments and tax refunds for prior periods.

(12) Earnings per share

€000	2009	2008
Consolidated profit	212,181	981,986
Less compensation for participation rights	(60,000)	-
Adapted consolidated profit	**152,181**	**981,986**
Average number of ordinary shares outstanding (in 1,000 units)	153,674	153,599
Earnings per share in €	**0.99**	**6.39**

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

Notes to the statement of financial position

(13) Statement of financial position according to measurement categories

The following table shows the statement of financial position according to IAS 39 measurement categories:

Assets according to measurement categories €000	**2009**	**2008**
Trading assets	**4,020,769**	**4,611,545**
Positive fair values of derivative financial instruments	857,630	2,343,534
Shares and other variable-yield securities	10,642	36,974
Bonds, notes and other fixed-interest securities	3,152,497	2,231,038
Financial assets at fair value through profit or loss	**3,233,527**	**2,042,089**
Shares and other variable-yield securities	197,118	67,117
Bonds, notes and other fixed-interest securities	3,036,409	1,974,972
Financial assets available-for-sale	**124,396**	**120,398**
Investments in associates and other affiliated companies	65,884	64,450
Other interests	58,512	55,948
Loans and advances	**62,709,168**	**73,372,732**
Loans and advances to banks	14,489,573	16,167,956
Loans and advances to customers	50,483,342	57,860,963
Other non-derivative financial assets	820,276	985,075
Impairment losses for loans and advances	(3,084,023)	(1,641,262)
Financial assets held-to-maturity	**3,949,790**	**3,017,987**
Bonds, notes and other fixed-interest securities	3,918,060	2,976,647
Purchased loans	31,730	41,340
Derivatives (hedging)	**21,565**	**16,577**
Positive fair values of derivatives (hedging)	21,565	16,577
Other assets	**2,216,114**	**2,215,657**
Intangible and tangible fixed assets	2,216,114	2,215,657
Total assets	**76,275,329**	**85,396,985**

Equity and liabilities according to measurement categories €000	2009	2008
Trading liabilities	**723,606**	**2,241,141**
Negative fair values of derivative financial instruments	719,535	2,230,569
Call/time deposits from trading purposes	0	10,572
Short-selling of trading assets	4,071	0
Financial liabilities	**68,189,984**	**76,149,982**
Deposits from banks	20,110,170	26,213,163
Deposits from customers	42,578,249	44,205,906
Debt securities issued	2,526,651	3,393,383
Subordinated capital	2,470,285	1,684,456
Other non-derivative financial liabilities	504,629	653,073
Derivatives (hedging)	**50,026**	**50,889**
Negative fair values of derivatives (hedging)	50,026	50,889
Provisions for liabilities and charges	**311,531**	**436,767**
Equity	**7,000,182**	**6,518,206**
Total equity and liabilities	**76,275,329**	**85,396,985**

(14) Cash reserve

€000	2009	2008
Cash in hand	1,367,591	1,662,690
Balances at central banks	2,811,981	5,467,170
Total	**4,179,572**	**7,129,860**

(15) Loans and advances to banks

€000	2009	2008
Giro and clearing business	2,125,688	1,642,709[1]
Money market business	7,903,797	5,092,436[1]
Loans to banks	278,058	2,264,524
Purchased loans	208	2,098
Leasing claims	1,659	3,929
Claims evidenced by paper	691	32,400
Total	**10,310,101**	**9,038,096**

[1] Adaptation of previous year figures due to different mapping.

Of the purchased loans amounting to € 208 thousand, € 101 thousand are assigned to the measurement category held-to-maturity (2008: 0). Purchased loans classified as loans and advances totaled € 107 thousand (2008: € 2,098 thousand).

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

€000	2009	2008
Central Europe	1,006,673	2,453,884
Southeastern Europe	1,148,085	1,043,025
Russia	559,358	535,045
CIS Other	465,679	301,678
Austria	5,673,192	3,124,850
Other countries	1,457,114	1,579,614
Total	**10,310,101**	**9,038,096**

Loans and advances to banks break down into the following bank segments:

€000	2009	2008
Central banks	1,951,611	3,663,553
Commercial banks	8,335,838	5,355,367
Multilateral development banks (MDB)	22,652	19,176
Total	**10,310,101**	**9,038,096**

(16) Loans and advances to customers

€000	2009	2008
Credit business	26,723,556	31,105,921[1]
Money market business	2,148,354	4,812,102[1]
Mortgage loans	17,874,752	17,249,079
Purchased loans	499,425	723,633
Leasing claims	3,266,872	4,009,021
Claims evidenced by paper	2,012	2,548
Total	**50,514,971**	**57,902,304**

[1] Adaptaton of previous year figures due to different mapping.

Purchased loans amounting to € 31,629 thousand (2008: € 41,340 thousand) are assigned to the measurement category held-to-maturity. Purchased loans classified as loans and advances totaled € 467,796 thousand (2008: € 682,293 thousand).

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

€000	2009	2008
Sovereigns	1,157,831	1,103,929
Corporate customers – large	25,371,785	29,564,406
Corporate customers – small business	3,815,092	5,056,611
Retail customers – private individuals	17,790,107	19,268,185
Retail customers – small and medium-sized entities	2,351,931	2,868,058
Other	28,225	41,115
Total	**50,514,971**	**57,902,304**

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

€000	2009	2008
Central Europe	23,379,142	24,620,638
Southeastern Europe	12,319,851	12,933,827
Russia	6,111,924	8,818,875
CIS Other	5,403,420	6,601,508
Austria	31,685	23,804
Other countries	3,268,949	4,903,652
Total	**50,514,971**	**57,902,304**

(17) Impairment losses on loans and advances

Provisions for impairment losses are formed in accordance with uniform Group standards and cover all recognizable credit risks. A table with the development of the impairment losses on loans and advances can be found in the risk report on page 187. Provisions for impairment losses are allocated to the following asset classes according to Basel II definition:

€000	2009	2008
Sovereigns	2,915	2,153
Banks	3,438	4,351
Corporate customers – large	1,364,783	685,535
Corporate customers – small business	332,662	166,457
Retail customers – private individuals	1,169,892	669,127
Retail customers – small and medium-sized entities	210,333	113,639
Total	**3,084,023**	**1,641,262**

(18) Trading assets

The trading assets consist of the following securities and derivative instruments held for trading:

€000	2009	2008
Bonds, notes and other fixed-interest securities	**3,152,498**	**2,231,037**
Treasury bills and bills of public authorities eligible for refinancing	1,300,762	831,657
Other securities issued by the public sector	1,094,950	808,200
Bonds and notes of non-public issuers	756,786	591,180
Shares and other variable-yield securities	**10,642**	**36,974**
Shares	8,578	22,818
Mutual funds	1,734	5,537
Other variable-yield securities	330	8,619
Positive fair values of derivative financial instruments	**546,312**	**1,495,167**
Interest-based transactions	333,073	439,860
Currency-based transactions	210,515	1,030,081
Equity-/index-based transactions	2,710	20,194
Other transactions	14	5,032
Total	**3,709,452**	**3,763,178**

Pledged securities ready to be sold or repledged by transferee are allocated to the appropriate securities category in the table above. Further details are shown under note (40) genuine sale and repurchase agreements.

(19) Derivatives

€000	2009	2008
Positive fair values of derivatives in fair value hedges (IAS 39)	**21,565**	**16,577**
Interest-based transactions	21,151	16,577
Currency-based transactions	414	0
Positive fair values of credit derivatives	**165**	**5,202**
Positive fair values of other derivatives	**311,152**	**843,165**
Interest-based transactions	102,901	153,614
Currency-based transactions	203,303	689,551
Equity-/index-based transactions	4,948	0
Total	**332,882**	**864,944**

Insofar as the conditions for hedge accounting according to IAS 39 are fulfilled, derivative financial instruments are measured at their fair values (dirty prices) in their function as hedging instruments. The hedged items in connection with fair value hedges are loans and advances to customers. The hedged risks are interest rate risks. The changes in carrying amount of the hedged underlying transactions in IAS 39 fair value hedges are included in the respective items of the statement of financial position.

The item also includes the positive fair values of derivative financial instruments that neither are held for trading nor constitute fair value hedging instruments under IAS 39.

(20) Financial investments

This item comprises securities available-for-sale, financial assets at fair value through profit or loss, and securities held-to-maturity as well as strategic equity participations held on a long-term basis.

€000	2009	2008
Bonds, notes and other fixed-interest securities	**6,954,469**	**4,951,620**
Treasury bills and bills of public authorities eligible for refinancing	3,345,967	2,181,732
Other securities issued by the public sector	2,429,753	1,872,119
Bonds and notes of non-public issuers	1,178,749	897,768
Shares and other variable-yield securities	**197,118**	**67,116**
Shares	433	435
Mutual funds	196,685	66,681
Equity participations	**118,960**	**117,871**
Interests in affiliated companies	60,448	61,923
Other interests	58,512	55,948
Total	**7,270,547**	**5,136,607**

Pledged securities ready to be sold or repledged by transferee are allocated to the appropriate securities category in the table above. Further details are shown under note (40) genuine sale and repurchase agreements.

In contrast to 2008, no reclassification was made for securities held-for-trading to category held-to-maturity in 2009. The carrying amount at the date of reclassification in 2008 amounted to € 371,686 thousand. As of 31 December 2009, the carrying amount was € 284,581 thousand and the fair value totaled € 286,092 thousand. In 2009, a result from the reclassified securities of € 13,709 thousand (2008: € 12,630 thousand) was shown in the income statement. If the reclassification had not been made, a gain of € 3,983 thousand would have arisen (2008: loss of € 10,252 thousand).

Other interests valued at amortized cost for which fair values could not be reliably measured amounted to € 33,590 thousand (2008: € 39,840 thousand).

For the following subsidiaries syndicate contracts between Raiffeisen International and the respective shareholders exist: *Raiffeisenbank a.s.* (Czech Republic), *Tatra banka a.s.* (Slovakia), *Raiffeisen Bank, Zrt.* (Hungary) namely *Raiffeisen-RBHU Holding GmbH* (Austria), *Raiffeisen Banka d.d.* (Slovenia), respectively, as well as *Raiffeisenbank Austria d.d.* (Croatia). These syndicate contracts regulate especially purchase options between direct and indirect shareholders.

The syndicate contracts expire automatically if control over the company changes – also in the case of a takeover bid. The following agreement has been made with the European Bank for Reconstruction and Development (EBRD) regarding *Priorbank, OAO* (Belarus): If control over the company changes, EBRD has the option to sell all shares held in Priorbank to the company.

(21) Investments in associates

Financial information on associated companies is shown in the following table:

€000	Total assets	Total revenues	Profit/loss after tax	Shareholders' equity
Raiffeisen Banca pentru Locuinte S.A., Bucharest (RO)	76,992	5,899	(264)	16,315

In the financial year, *Raiffeisen Banca pentru Locuinte S.A.* was merged with *HVB Banca pentru Locuinte S.A.* This led to an increase in equity of € 9,020 thousand.

Further information regarding associated companies is stated on page 220.

(22) Intangible fixed assets

€000	2009	2008
Goodwill	581,374	610,193
Software	274,912	216,637
Other intangible fixed assets	115,595	125,058
Total	**971,881**	**951,888**

The item software comprises acquired software amounting to € 274,244 thousand (2008: € 216,051 thousand) and developed software amounting to € 669 thousand (2008: € 586 thousand).

The carrying amount of goodwill as basis for the impairment test was allocated to the following cash generating units, the change in the carrying amount is mainly due to currency differences:

€000	2009	2008
Raiffeisen Bank Aval JSC, Kiev	204,622	215,808
ZAO Raiffeisenbank, Moscow	248,893	260,173
Raiffeisenbank a.s., Prague	40,758	40,148
Raiffeisen Bank Sh.a., Tirane	53,020	59,085
Other	34,081	34,979
Total	**581,374**	**610,193**

(23) Tangible fixed assets

€000	2009	2008
Land and buildings used by the Group for own purpose	526,408	495,908
Other land and buildings (investment property)	26,864	10,628
Office furniture and equipment as well as other tangible fixed assets	479,421	532,274
Leased assets (operating lease)	211,540	224,959
Total	**1,244,233**	**1,263,769**

The fair value of investment property totaled € 26,864 thousand (2008: € 11,256 thousand).

(24) Development of fixed assets

Tangible and intangible fixed assets developed in the financial year 2009 as follows:

	Cost of acquisition or conversion						
€000	As of 1/1/2009	Change in consolidated group	Exchange differences	Additions	Disposals	Transfers	As of 31/12/2009
Intangible fixed assets	**1,270,718**	**2,687**	**(42,838)**	**133,305**	**(26,724)**	**5**	**1,337,153**
Goodwill	640,679	0	(29,539)	0	0	0	611,140
Software	471,224	2,687	(6,404)	125,244	(21,987)	3,010	573,774
Other intangible fixed assets	158,815	0	(6,895)	8,061	(4,737)	(3,005)	152,239
Tangible fixed assets	**1,956,706**	**5,561**	**(61,854)**	**284,056**	**(152,363)**	**(5)**	**2,032,101**
Land and buildings used by the Group for own purpose	620,278	1,714	(25,526)	61,616	(19,803)	35,432	673,711
Other land and buildings	15,433	2,607	(1,296)	18,179	(3,786)	1,532	32,669
thereof land value of developed land	6,304	0	(277)	2,799	0	0	8,826
Other tangible fixed assets	1,053,552	1,240	(35,051)	155,635	(84,067)	(36,383)	1,054,926
Leased assets (operating lease)	267,443	0	19	48,626	(44,707)	(586)	270,795
Total	**3,227,424**	**8,248**	**(104,692)**	**417,361**	**(179,087)**	**0**	**3,369,254**

€000	Write-ups, amortization, depreciation, impairment Cumulative	Write-ups	Depreciation	Carrying amount As of 31/12/2009
Intangible fixed assets	**(365,272)**	**154**	**(68,570)**	**971,881**
Goodwill	(29,766)	0	0	581,374
Software	(298,862)	154	(60,535)	274,912
Other intangible fixed assets	(36,645)	0	(8,035)	115,594
Tangible fixed assets	**(787,868)**	**79**	**(176,805)**	**1,244,233**
Land and buildings used by the Group for own purpose	(147,303)	0	(25,345)	526,408
Other land and buildings	(5,805)	0	(2,191)	26,864
thereof land value of developed land	0	0	0	8,826
Other tangible fixed assets	(575,505)	48	(119,154)	479,421
Leased assets (operating lease)	(59,254)	31	(30,115)	211,541
Total	**(1,153,140)**	**233**	**(245,375)**	**2,216,114**

Intangible and tangible fixed assets developed in the financial year 2008 as follows:

€000	Cost of acquisition or conversion As of 1/1/2008	Change in consolidated group	Exchange differences	Additions	Disposals	Transfers	As of 31/12/2008
Intangible fixed assets	**1,422,649**	**1,315**	**(235,550)**	**119,658**	**(27,645)**	**(9,709)**	**1,270,718**
Goodwill	792,647	1,420	(152,323)	0	(1,065)	0	640,679
Software	401,001	(105)	(25,183)	114,650	(20,829)	1,690	471,224
Other intangible fixed assets	229,001	0	(58,044)	5,008	(5,751)	(11,399)	158,815
Tangible fixed assets	**1,837,567**	**(9,782)**	**(194,287)**	**543,452**	**(229,952)**	**9,708**	**1,956,706**
Land and buildings used by the Group for own purpose	627,967	(7)	(96,149)	115,443	(48,617)	21,641	620,278
Other land and buildings	35,820	0	(4,749)	4,958	(2,424)	(18,172)	15,433
thereof land value of developed land	7,429	0	(2,366)	1,249	(8)	0	6,304
Other tangible fixed assets	919,379	(3,665)	(87,872)	313,802	(94,942)	6,850	1,053,552
Leased assets (operating lease)	254,401	(6,110)	(5,517)	109,249	(83,969)	(611)	267,443
Total	**3,260,216**	**(8,467)**	**(429,837)**	**663,110**	**(257,597)**	**0**	**3,227,424**

€000	Write-ups, amortization, depreciation, impairment Cumulative	Write-ups	Depreciation	Carrying amount As of 31/12/2008
Intangible fixed assets	**(318,830)**	**3**	**(67,638)**	**951,888**
Goodwill	(30,486)	0	0	610,193
Software	(254,587)	3	(58,395)	216,637
Other intangible fixed assets	(33,757)	0	(9,243)	125,058
Tangible fixed assets	**(692,937)**	**0**	**(175,898)**	**1,263,769**
Land and buildings used by the Group for own purpose	(124,370)	0	(27,712)	495,908
Other land and buildings	(4,805)	0	(2,384)	10,628
thereof land value of developed land	0	0	0	6,304
Other tangible fixed assets	(521,278)	0	(119,166)	532,274
Leased assets (operating lease)	(42,484)	0	(26,636)	224,959
Total	**(1,011,767)**	**3**	**(243,536)**	**2,215,657**

Additions to intangible and tangible assets did not include any noteworthy individual investments.

(25) Other assets

€000	2009	2008
Tax assets	229,472	156,107
Current tax assets	109,403	66,347
Deferred tax assets	120,069	89,760
Receivables arising from non-banking activities	27,199	40,475
Prepayments and other deferrals	220,733	253,150
Clearing claims from securities and payment transfer business	95,942	162,573
Lease in progress	141,438	140,863
Assets held for sale (IFRS 5)	1,820	3,510
Inventories	30,424	78,114
Any other business	73,248	150,283
Total	**820,276**	**985,075**

Deferred taxes break down as follows:

€000	2009	2008
Deferred tax assets	120,069	89,760
Provisions for deferred taxes	13,234	46,781
Net deferred taxes	**106,835**	**42,979**

The net deferred taxes result from the following items:

€000	2009	2008
Loans and advances to customers	69,914	50,564
Impairment losses on loans and advances	77,483	46,118
Tangible and intangible fixed assets	4,469	3,792
Other assets	8,766	3,305
Provisions for liabilities and charges	29,947	33,901
Trading liabilities	24,961	140,134
Other liabilities	35,445	67,792
Tax loss carry-forwards	79,107	26,324
Other items of the statement of financial position	326	19,594
Deferred tax assets	**330,418**	**391,523**
Loans and advances to banks	497	8,793
Loans and advances to customers	38,881	42,129
Trading assets	21,373	121,580
Tangible and intangible fixed assets	51,974	49,441
Deposits from customers	743	341
Provisions for liabilities and charges	9,359	18,171
Other liabilities	9,925	10,997
Other items of the statement of financial position	90,831	97,092
Deferred tax liabilities	**223,583**	**348,544**
Net deferred taxes	**106,835**	**42,979**

Deferred tax assets are recognized for unused tax loss carry-forwards and amounted to € 79,107 thousand (2008: € 26,324 thousand). The tax loss carry-forwards are mainly without any time limit. The Group did not recognize deferred tax assets of € 2,464 thousand (2008: € 1,815 thousand) because from current point of view there is no prospect of realizing them within a reasonable period of time.

(26) Deposits from banks

€000	2009	2008
Giro and clearing business	733,283	741,046
Money market business	3,145,124	5,960,410
Long-term refinancing	16,231,763	19,511,707
Total	**20,110,170**	**26,213,163**

Raiffeisen International refinances itself periodically with international commercial banks and multinational development banks. These credit contracts contain ownership clauses normally used in business. These clauses give permission to an exceptional termination if *Raiffeisen Zentralbank Österreich Aktiengesellschaft* loses the majority shareholding in *Raiffeisen International Bank-Holding AG*. This would lead to increased refinancing costs for Raiffeisen International in the future.

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

€000	2009	2008
Central Europe	1,671,407	1,609,150
Southeastern Europe	1,455,660	556,388
Russia	406,321	1,332,999
CIS Other	38,468	180,387
Austria	12,735,914	15,144,329
Other countries	3,802,400	7,389,910
Total	**20,110,170**	**26,213,163**

Deposits from banks break down into the following bank segments:

€000	2009	2008
Central banks	490,019	1,329,781
Commercial banks	18,772,845	24,328,050
Multilateral development banks (MDB)	847,306	555,332
Total	**20,110,170**	**26,213,163**

(27) Deposits from customers

€000	2009	2008
Sight deposits	17,140,431	16,242,691
Time deposits	24,044,766	27,011,253
Savings deposits	1,393,052	951,962
Total	**42,578,249**	**44,205,906**

Deposits from customers break down in Line with the Basel II definition as follows:

€000	2009	2008
Sovereigns	1,558,512	2,238,487
Corporate customers – large	14,180,912	15,343,446
Corporate customers – small business	2,330,959	3,084,467
Retail customers – private individuals	21,103,804	20,327,319
Retail customers – small and medium-sized entities	3,129,147	2,908,228
Other	274,915	303,959
Total	**42,578,249**	**44,205,906**

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

€000	2009	2008
Central Europe	19,448,272	20,432,010
Southeastern Europe	12,249,460	13,143,448
Russia	5,495,663	5,833,922
CIS Other	2,889,828	2,984,745
Austria	404,630	259,402
Other countries	2,090,396	1,552,379
Total	**42,578,249**	**44,205,906**

(28) Debt securities issued

€000	2009	2008
Bonds and notes issued	1,925,044	2,630,226
Money market instruments issued	112	8,179
Other debt securities issued	601,495	754,978
Total	**2,526,651**	**3,393,383**

(29) Provisions for liabilities and charges

€000	As of 1/1/2009	Change in consolidated group	Allocation	Release	Usage	Transfers, exchange differences	As of 31/12/2009
Severance payments	8,047	0	2,245	(26)	(575)	(287)	9,404
Retirement benefits	4,769	0	30	0	161	0	4,960
Taxes	108,335	0	23,393	(87,729)	(15,848)	(1,995)	26,156
Current	61,554	0	12,867	(44,843)	(15,677)	(979)	12,922
Deferred	46,781	0	10,526	(42,886)	(171)	(1,016)	13,234
Contingent liabilities and commitments	69,377	0	51,236	(45,122)	(1)	(5,653)	69,837
Pending legal issues	41,003	0	6,156	(5,382)	(1,044)	(934)	39,799
Overdue vacation	32,431	0	5,835	(8,404)	0	(1,154)	28,708
Bonus payments	138,303	0	48,031	(26,314)	(63,915)	(3,894)	92,211
Restructuring	3,808	0	82	0	(512)	(176)	3,202
Other	30,694	14	24,955	(7,070)	(11,372)	33	37,254
Total	**436,767**	**14**	**161,963**	**(180,047)**	**(93,106)**	**(14,060)**	**311,531**

Severance payments also include provisions for anniversary payments amounting to € 2,047 thousand (2008: € 2,306 thousand).

Raiffeisen International is involved in pending legal issues, which may occur in the banking business. Raiffeisen International does not expect that these legal cases will have a material impact on the financial position of the Group.

(30) Trading liabilities

€000	2009	2008
Negative fair values of derivative financial instruments	**510,128**	**1,449,563**
Interest-based transactions	340,066	401,235
Currency-based transactions	167,323	1,034,283
Equity-/index-based transactions	2,725	9,107
Other transactions	14	4,938
Short-selling of trading assets	**4,071**	**0**
Call/time deposits from trading purposes	**0**	**10,572**
Total	**514,199**	**1,460,135**

(31) Derivatives

€000	2009	2008
Negative fair values of derivatives in fair value hedges (IAS 39)	**5,113**	**1,358**
Interest-based transactions	5,113	1,358
Negative fair values of derivatives in cash flow hedges (IAS 39)	**44,913**	**49,531**
Interest-based transactions	44,913	49,531
Negative fair values of credit derivatives	**0**	**2,196**
Negative fair values of other derivative financial instruments	**209,407**	**778,811**
Interest-based transactions	95,755	252,031
Currency-based transactions	108,819	526,780
Equity-/index-based transactions	4,833	0
Total	**259,433**	**831,896**

Insofar as the conditions for hedge accounting according to IAS 39 are fulfilled, derivative financial instruments are measured at their fair values (dirty prices) in their function as hedging instruments. The hedged items in connection with fair value hedges are loans and advances to customers and deposits from banks. The hedged risks are interest rate risks.

As of 31 December 2009, variable-interest refinancing of *ZAO Raiffeisenbank*, Moscow, was hedged against the risk of changes in future cash flows by applying interest rate swaps, which are reported as cash flow hedge. The effective part of this hedge amounted to € 9,834 thousand (2008: € 40,346 thousand) and was recognized in other comprehensive income.

As of 31 December 2009, future cash flows from hedged liabilities amounting to € 332,621 thousand (2008: € 114,177 thousand) are to be expected, this is € 4,471 thousand (2008: € 42,678 thousand) for the next year and € 328,151 thousand (2008: € 71,499 thousand) between 2011 and 2015.

(32) Other liabilities

€000	2009	2008
Liabilities from non-banking activities	62,112	67,452
Accruals and deferred items	111,467	174,624
Liabilities from dividends	468	8,468
Clearing claims from securities and payment transfer business	168,583	195,078
Any other business	161,999	207,451
Total	**504,629**	**653,073**

(33) Subordinated capital

€000	2009	2008
Hybrid tier-1-capital	1,169,030	503,381
Subordinated liabilities	1,209,885	1,089,069
Supplementary capital	91,370	92,006
Total	**2,470,285**	**1,684,456**

In the financial year, hybrid tier-1-capital amounting to € 650,000 thousand was issued and fully subscribed by *Raiffeisen Zentralbank Österreich Aktiengesellschaft*. The hybrid tier-1-capital has no maturity date and may be redeemed and repaid by the issuer for the first time after five years. The coupon amounts to 10 per cent p.a.

Of total subordinated capital, *Raiffeisen Zentralbank Österreich Aktiengesellschaft* and other subsidiaries of RZB provided € 2,116,569 thousand (2008: € 1,434,766 thousand). The following table contains borrowings that exceed 10 per cent of the subordinated capital:

€000	Amount	Currency	Interest rate	Due
Non-cumulative Subordinated Perpetual Callable Step-up	500,000	EUR	EURIBOR + 1.1%	–
Non-cumulative Subordinated Perpetual Callable Fixed Rate Hybrid Capital	650,000	EUR	10%	–

In 2009, expenses on subordinated liabilities totaled € 93,850 thousand (2008: € 93,444 thousand).

(34) Equity and minorities

€000	2009	2008
Consolidated equity	5,790,463	4,613,194
Subscribed capital	468,733	468,597
Participation rights	600,000	–
Capital reserves	2,569,132	2,568,003
Retained earnings	2,152,598	1,576,594
Consolidated profit	212,181	981,986
Minority interest	997,538	923,026
Total	**7,000,182**	**6,518,206**

Subscribed capital
The subscribed capital of *Raiffeisen International Bank-Holding AG* as defined by the articles of incorporation amounted to € 471,736 thousand as of 31 December 2009. It comprises 154,667,500 no-par bearer shares. Excluding own shares of 984,511 the stated subscribed capital totaled € 468,733 thousand.

Participation rights
The Annual General Meeting held on 9 June 2009 authorized the Managing Board to issue within five years from the date of the resolution – with the approval of the Supervisory Board – also in several tranches, participation rights pursuant to Section 174 of the Austrian Joint Stock Companies Act, with a maximum total nominal amount of € 2,000,000 thousand and to determine all further conditions of the issue. Shareholders are excluded from exercising their subscription rights.

The Managing Board made use of the authorization and decided to strengthen the core capital by the issuance of participation rights of € 600,000 thousand. The issuance was fully subscribed by *Raiffeisen Zentralbank Österreich AG.* Participation rights are perpetual and carry a call option – the right of early redemption by the issuer – whereas economic incentives for the Issuer for an early redemption exist as the participation rights dividend increase. The dividend amounts to 10 per cent in the first five years and progressively increases. Thereafter the repayment is limited to the nominal amount issued, thus the investor does not participate in the value of growth of Raiffeisen International. Hence, there is no dilution of the existing shareholders.

Own shares
The Annual General Meeting held on 10 June 2008 authorized the Managing Board to acquire own shares, pursuant to Section 65 (1), items 4 and 8 of the Austrian Joint Stock Companies Act (AktG), during a period of 30 months as of the date of the resolution, up to 10 per cent of the subscribed capital of the company and to withdraw if applicable. The Managing Board was given the authorization to decide, with the approval of the Supervisory Board, on the sale of own shares by different means than the stock exchange or a public tender, to the exclusion of shareholders´ subscription rights. The acquisition of own shares mainly serves to cover the obligation of *Raiffeisen International Bank-Holding AG* within the framework of the share incentive program (SIP) towards the Managing Board and executive employees. These bonus payments are carried out in the form of company shares.

Authorized and contingent capital and convertible bonds remaining as of 31 December 2009:

Authorized capital
In the Annual General Meeting held on 5 June 2007, the Management Board was authorized, with the approval of the Supervisory Board, to increase the subscribed capital by a maximum of € 217,724 thousand by issuing up to a maximum of 71,385,000 no-par bearer shares with voting rights against a contribution in cash and/or in kind within five years, after having the respective changes in the Articles of Association recorded in the Company Register (authorized capital). € 36,287 thousand (11,897,500 shares) were used for the capital increase on 5 October 2007 (Secondary Public Offering). As of 31 December 2009, the authorized capital not used amounted to € 181,437 thousand.

Convertible bonds
In the Annual General Meeting held on 10 June 2008, the Managing Board was given the authorization pursuant to Section 174 (2) of the Austrian Joint Stock Companies Act to issue – with the approval of the Supervisory Board – convertible bonds, also in several tranches, within five years as of the date of the resolution, for a maximum total nominal amount of € 2,000,000 thousand, to which attaches a conversion or subscription right to obtain a maximum of 15,466,750 ordinary bearer shares of the company with a corresponding pro-rata share in the subscribed capital of a maximum € 47,174 thousand – and to do so also indirectly by means of a guarantee for an issue of convertible bonds by a subsidiary company, of which the company holds one hundred per cent directly or indirectly, that entails conversion rights to obtain shares of that company – as well as to determine all further conditions (including the currency of the issue), the issue and the conversion procedure for the convertible bonds. The subscription right of shareholders is excluded.

Contingent capital
Also in the Annual General Meeting held on 10 June 2008, the resolution on the contingent increase of the nominal capital by a maximum of € 47,174 thousand by issuing a maximum of 15,466,750 new ordinary bearer shares in order to grant the creditors of the convertible bonds issued their conversion or subscription right, as well as to correspondingly amend the Articles of Association in Section 4 (Capital and Shares) by adding the following paragraph: In keeping with Section 159 (2) item 1 of the Austrian Joint Stock Companies Act, the subscribed capital has been increased contingently by a maximum of € 47,174 thousand by issuing a maximum of 15,466,750 ordinary bearer shares (contingent increase of capital). The contingent increase of capital will only be implemented to the extent that the owners of convertible bonds, issued on the basis of the resolution taken by the Annual General Meeting on 10 June 2008, actually exercise their right to convert these bonds into shares of the company. The amount of issue and the conversion ratio shall be determined on the basis of recognized methods of investment mathematics, as well as the price of *Raiffeisen International Bank-Holding AG* shares in a recognized pricing procedure (basis for calculating the amount of issue). The amount of issue must not be less than the pro-rata amount of the nominal capital. The new shares, which are issued under the contingent increase of capital, are entitled to receive the dividend that corresponds to that of the shares that are traded on the stock exchange at that time. The Managing Board is authorized, with the approval of the Supervisory Board, to determine the further details for implementing the contingent increase of capital. The Supervisory Board is authorized to adopt any amendments in the Articles of Association as they result from the issue of shares on the basis of the contingent increase in capital.

Dividend proposal
The Managing Board intends to propose at the Annual General Meeting that a dividend of € 0.20 per ordinary share be distributed from *Raiffeisen International Bank-Holding AG*'s profit for the financial year 2009, which represents a maximum distribution of € 30,934 thousand, and that the remaining amount be carried forward.

The statement of changes in equity is shown on page 117.

The number of shares outstanding developed as follows:

Number of shares	2009	2008
Number of shares issued as of 1/1	154,667,500	154,667,500
New shares issued	0	0
Number of shares issued as of 31/12	**154,667,500**	**154,667,500**
Own shares as of 1/1	(1,029,012)	(826,223)
Purchase of own shares	(1,446)[1]	(321,973)
Sale of own shares	45,947	119,184
Less own shares as of 31/12	**(984,511)**	**(1,029,012)**
Number of shares outstanding as of 31/12	**153,682,989**	**153,638,488**

[1] Return of unused shares from SIP 2005.

Share-based remuneration

In 2009, the second allotment of the share incentive plan (SIP – SIP allotment 2006) matured. According to the program conditions (published in the Wiener Zeitung as of 28 July 2006) the number of shares shown in the table below was transferred:

Share incentive program (SIP) 2006 Group of persons	Number of due shares	Amount with share price of € 15,70 at the allotment day (4/3/2009)	Number of effective distributed shares
Members of the Managing Board of *Raiffeisen International Bank-Holding AG*	16,986	266,680	10,761
Members of the managing boards of bank subsidiaries affiliated with *Raiffeisen International Bank-Holding AG*	30,380	476,966	27,807
Executives of *Raiffeisen International Bank-Holding AG* and other affiliated companies	11,234	176,374	7,379

In order to avoid legal uncertainties, the entitled employees in two countries received cash compensation instead of the distribution of shares, according to the program conditions. In Austria, the entitled persons had the alternative to receive cash compensation instead of half of the due shares, to be able to settle the payable income tax due at the transfer date. For that reason the number or actually transferred shares is lower than the number of due shares; the stock of the own shares was, therfore reduced by the lower number of actually distributed shares.

Within the framework of the SIP, a new allotment has been issued on a yearly basis to date. This implies that on the balance sheet date contingent shares for three allotments are assigned. As of 31 December 2009, the contingent allotment under the share incentive program came to 536,736 shares (50,905 shares are due to the allotment of 2007, 83,368 shares are due to the allotment of 2008, 402,463 shares are due to the allotment of 2009). The originally announced contingent of allotted shares has changed as a result of various management changes in the Group units and due to the maturation of the SIP allotment 2006.This is shown on an aggregated level in the following table:

Share incentive program (SIP) 2007-2009 **Group of persons**	**Number of contingently allotted shares as of 31/12/2009**	**Minimum of allotment of shares**	**Maximum allotment of shares**
Members of the Managing Board of *Raiffeisen International Bank-Holding AG*	164,849	47,371	247,274
Members of the managing boards of bank subsidiaries affiliated with *Raiffeisen International Bank-Holding AG*	285,280	81,905	427,920
Executives of *Raiffeisen International Bank-Holding AG* and other affiliated companies	86,607	25,031	129,911

In the financial year 2009, no own shares were bought back for the share incentive program.

(35) Breakdown of remaining terms to maturity

31/12/2009 **€000**	**Due at call or without maturity**	**Up to 3 months**	**More than 3 months, up to 1 year**	**More than 1 year, up to 5 years**	**More than 5 years**
Cash reserve	4,179,572	0	0	0	0
Loans and advances to banks	3,423,779	6,260,802	506,574	78,554	40,392
Loans and advances to customers	4,805,182	7,003,702	9,682,985	15,509,362	13,513,740
Impairment losses for loans and advances	(3,084,023)	0	0	0	0
Trading assets	16,979	947,416	717,447	1,556,483	471,127
Financial investments	162,697	684,523	1,930,259	2,973,594	1,519,474
Investments in associates	5,437	0	0	0	0
Sundry assets	2,214,297	408,112	210,604	284,037	252,222
Total assets	**11,723,920**	**15,304,555**	**13,047,869**	**20,402,030**	**15,796,955**
Deposits from banks	902,059	2,805,116	5,474,339	10,040,891	887,765
Deposits from customers	17,886,484	15,359,082	6,892,039	2,330,231	110,413
Debt securities issued	0	371,665	802,315	1,265,635	87,036
Trading liabilities	0	133,491	156,943	171,995	51,770
Subordinated capital	0	5,458	41,030	564,765	1,859,032
Sundry liabilities	411,304	422,118	76,624	134,176	31,371
Subtotal	**19,199,847**	**19,096,930**	**13,443,290**	**14,507,693**	**3,027,387**
Equity	7,000,182	0	0	0	0
Total equity and liabilities	**26,200,029**	**19,096,930**	**13,443,290**	**14,507,693**	**3,027,387**

31/12/2008 €000	Due at call or without maturity	Up to 3 months	More than 3 months, up to 1 year	More than 1 year, up to 5 years	More than 5 years
Cash reserve	7,129,860	0	0	0	0
Loans and advances to banks	1,893,686	6,369,587	419,873	298,217	56,733
Loans and advances to customers	4,854,815	7,692,565	11,659,658	18,755,549	14,939,717
Impairment losses for loans and advances	(1,641,262)	0	0	0	0
Trading assets	45,553	981,687	986,408	1,110,988	638,542
Financial investments	140,094	775,092	1,276,783	1,986,429	958,209
Investments in associates	2,526	0	0	0	0
Sundry assets	2,407,216	645,478	515,037	454,173	43,772
Total assets	**14,832,488**	**16,464,409**	**14,857,759**	**22,605,356**	**16,636,973**
Deposits from banks	971,500	5,099,507	5,851,203	13,412,126	878,827
Deposits from customers	16,654,386	18,185,673	7,577,894	1,638,391	149,562
Debt securities issued	0	523,727	753,127	2,004,319	112,210
Trading liabilities	0	598,056	556,971	266,130	38,978
Subordinated capital	0	4,160	15,046	576,457	1,088,793
Sundry liabilities	589,195	627,260	274,774	373,518	56,989
Subtotal	**18,215,081**	**25,038,383**	**15,029,015**	**18,270,941**	**2,325,359**
Equity	6,518,206	0	0	0	0
Total equity and liabilities	**24,733,287**	**25,038,383**	**15,029,015**	**18,270,941**	**2,325,359**

(36) Related parties

Companies can carry out business with related parties that may affect the entity's asset, financial and earnings position. The following related companies have been identified mainly as related parties: Parent companies are *Raiffeisen-Landesbanken-Holding GmbH, Vienna*, and *Raiffeisen Zentralbank Österreich Aktiengesellschaft, Vienna.*

Disclosures on Raiffeisen International's relations to key management are reported under note (53) relations to key management. As of 31 December 2009, the transactions with related parties were as follows:

€000	Parent companies	Affiliated companies	Companies valued at equity	Other interests
Loans and advances to banks	4,873,278	31,921	0	807
Loans and advances to customers	0	210,856	13,526	34,846
Trading assets	90,473	2,445	0	0
Financial investments	165	60,448	10,517	58,512
Investments in associates	0	0	5,437	0
Other assets (including derivatives)	192,322	3,148	1	1,075
Deposits from banks	11,698,865	1,253,652	0	94,540
Deposits from customers	71	66,283	2,426	11,434
Debt securities issued	19,265	0	0	0
Provisions for liabilities and charges	3,834	(29)	0	0
Trading liabilities	87,457	0	0	2,119
Other liabilities (including derivatives)	121,344	3,083	579	15
Subordinated capital	1,528,720	587,849	0	0
Guarantees given	372,283	10,533	0	13
Guarantees received	242,475	0	0	1,021

As of 31 December 2008, the transactions with related parties were as follows:

€000	Parent companies	Affiliated companies	Companies valued at equity	Other interests
Loans and advances to banks	2,689,914	1,010	0	49,615
Loans and advances to customers	486	126,131	13,409	38,278
Trading assets	203,565	0	9,178	205
Financial investments	5,202	61,923	0	50,879
Investments in associates	0	0	2,526	0
Other assets (including derivatives)	298,197	646	5	33
Deposits from banks	13,961,430	1,933,643	83,398	119,078
Deposits from customers	5,657	38,026	2,494	8,634
Debt securities issued	25,255	0	0	0
Provisions for liabilities and charges	5,703	1	0	0
Trading liabilities	281,650	0	0	356
Other liabilities (including derivatives)	276,964	1,114	153	3,216
Subordinated capital	843,883	590,883	0	0
Guarantees given	249,617	5,964	0	13
Guarantees received	326,897	0	0	558

(37) Foreign currency volumes

The consolidated financial statements consist of the following volumes of assets and liabilities denominated in foreign currencies:

€000	2009	2008
Assets	43,183,773	62,074,863
Liabilities	36,955,043	52,674,892

(38) Foreign assets/liabilities

Assets and liabilities with counterparties outside Austria are as follows:

€000	2009	2008
Assets	67,784,374	78,547,990
Liabilities	55,021,811	62,090,921

(39) Securitization

Securitization is the packaging of designated portfolios of loans or leasing claims with an appropriate level of credit enhancement and the redistribution of these portfolios to investors. The objective of Raiffeisen International's securitization is to ease the strain relief on the Group's regulatory own funds and to use additional refinancing sources.

In financial year 2009, no new securitizations were made. Both true sale transactions (Warehousing) ROOF Bulgaria 2008-1 and ROOF Romania 2008-1 already closed in 2008 were not yet transferred to final securitization. The reason for this is the recent developments on the international capital markets, and the resulting liquidity crunch. Nevertheless the warehousing has been prolonged and the current warehousing structures kept alive by the placement of notes to Group internal investors until further notice. Hence, the portfolio's significant chances and risks remain within the Group as well. At year-end 2009 the non-derecognized loans of ROOF Bulgaria 2008-1 amount to € 149,588 thousand (2008: € 195,257 thousand), those of ROOF Romania 2008-1 came up to € 167,622 thousand (2008: € 173,102 thousand).

Regarding true sale transaction ROOF Poland 2008-1 consisting of car leasing contracts the total volume of the loans amounts to € 131,829 thousand as of 31 December 2009 (2008: € 240,820 thousand). The maturity of the portfolio led to the changed carrying amount.

From a Group view, the non-derecognized loans arising from the true sale transaction ROOF Russia 2007-1 amount to € 117,077 thousand at year end 2009 (2008: € 263,707 thousand). In this case, the decrease of the carrying value is mainly explained by the maturity of the consumer loan volume in original currency, above-average high pre-term repayments as well as the currency translation effect resulting from USD against the euro. Within the space of a year the consumer loan volume in original currency matured by € 146,631 thousand.

Within the scope of synthetic securitizations ROOF CEE 2006-1, the non-derecognized loans amounted to € 364,285 thousand at year end (2008: € 404,403 thousand). The differences compared to the volumes at the beginning of the transactions are due to maturing volumes and to changes in currency exchange rates. Furthermore, originators like *Raiffeisenbank Polska, S.A., Warsaw (PL),* and *Raiffeisenbank a.s., Prague (CZ)*, exercised the option to refill the volumes in a marginal extent and hence to exceed slightly the original values.

Up to now the following transactions have been executed (the indicated amounts represent the transaction volumes at the closing date):

€000	Seller of claims or secured party	Date of contract	End of maturity	Volume	Portfolio	Junior tranche
True Sale Transaction ROOF Romania 2008-1	Raiffeisen Bank S.A., Bucharest (RO)	July 2008	To be defined [1]	175,000	Consumer loans	–
True Sale Transaction ROOF Bulgaria 2008-1	Raiffeisenbank (Bulgaria) EAD, Sofia (BG)	March 2008	To be defined [1]	200,000	Consumer loans	–
True Sale Transaction ROOF Poland 2008-1	Raiffeisen-Leasing Polska S.A., Warsaw (PL)	January 2008	December 2014	290,000	Car leasing contracts	1.3%
True Sale Transaction ROOF Russia 2007-1	ZAO Raiffeisenbank, Moscow (RUS)	May 2007	May 2017	297,000	Car loans	1.9%
Synthetic Transaction ROOF CEE 2006-1	Raiffeisen Bank Polska S.A., Warsaw (PL) Raiffeisenbank a.s., Prague (CZ)	March 2006	March 2019	450,000	Company loans	1.8%

[1] As soon as there is a placement to external investors

(40) Genuine sale and repurchase agreements

The following repurchase and redelivery commitments are shown as of 31 December:

€000	2009	2008
Genuine repurchase agreements as borrower		
Deposits from banks	841,724	602,707
Deposits from customers	13,488	121,979
Total	**855,212**	**724,686**

€000	2009	2008
Genuine repurchase agreements as lender (reverse repurchase agreement)		
Loans and advances to banks	1,234,363	2,653,688
Loans and advances to customers	38,757	47,576
Total	**1,273,120**	**2,701,264**

Assets sold in a genuine sale and repurchase agreement amounted to € 1,024,330 thousand (2008: € 655,448 thousand) as of 31 December 2009. Assets, where the borrower has the right to sell or repledge totaled € 894,255 thousand (2008: € 638,875 thousand) and were bonds, notes and other fixed-interest securities.

Securities purchased in a genuine sale and repurchase agreement totaled € 1,294,129 thousand (2008: € 2,689,990 thousand). Assets which were sold or repledged amounted to € 843,439 thousand (2008: € 33,896 thousand). Thereof € 831,632 thousand were bonds (2008: € 32,574 thousand) and € 11,248 thousand (2008: € 0) were shares and other variable-yield securities and € 559 thousand were loans and advances (2008: € 1,322 thousand).

Security lending serves to fulfill delivery obligations. The loaned securities as of 31 December 2009 amounted to € 4,696 thousand (2008: 0).

(41) Assets pledged as collateral

The following liabilities are secured by assets shown in the statement of financial position:

€000	2009	2008
Deposits from banks	777,578	614,908
Deposits from customers	13,488	107,530
Debt securities issued	222,368	294,514
Other liabilities	725,651	453,291
Contingent liabilities and commitments	3,530	395
Total	**1,742,615**	**1,470,638**

The following assets are provided as collateral for the above-mentioned obligations:

€000	2009	2008
Loans and advances to banks	212,372	284,463
Loans and advances to customers	722	667
Trading assets	652,742	681,442
Financial investments	1,454,524	821,949
Total	**2,320,360**	**1,788,521**

(42) Finance leases

€000	2009	2008
Gross investment value	**3,658,891**	**4,692,700**
Up to 3 months	471,893	456,888
More than 3 months, up to 1 year	950,484	1,144,992
More than 1 year, up to 5 years	1,884,002	2,673,190
More than 5 years	352,512	417,631
Unearned finance income	**460,986**	**688,737**
Up to 3 months	50,099	72,582
More than 3 months, up to 1 year	123,248	185,970
More than 1 year, up to 5 years	241,938	350,195
More than 5 years	45,701	79,990
Net investment value	**3,197,905**	**4,003,963**

Write-offs on unrecoverable minimum lease payments outstanding totaled € 46,597 thousand (2008: € 9,130 thousand).

Assets under finance leases break down as follows:

€000	2009	2008
Vehicles leasing	2,016,595	2,695,882
Real estate leasing	530,245	493,871
Equipment leasing	651,065	814,210
Total	**3,197,905**	**4,003,963**

(43) Operating leases

Operating leases from view of lessor
Future minimum lease payments under non-cancelable operating leases are as follows:

€000	2009	2008
Up to 1 year	42,686	50,484
More than 1 year, up to 5 years	79,467	106,730
More than 5 years	51,532	63,662
Total	**173,685**	**220,876**

Operating leases from view of lessee
Future minimum lease payments under non-cancelable operating leases are as follows:

€000	2009	2008
Up to 1 year	114,668	90,761
More than 1 year, up to 5 years	238,918	268,180
More than 5 years	41,957	65,474
Total	**395,543**	**424,415**

Risk report

(44) Risks arising from financial instruments

Banks are as active players in the world's financial markets inherently exposed to their risks. For this reason, the ability of Raiffeisen International to identify and measure risks, to monitor and to manage them is decisive for the long-term success of the Group. Risk control in this process thus anticipates changing market environments in order to limit potential losses from banking activities and to optimize the risk/return profile. In particular, Raiffeisen International's risk management controls the exposure to and ensures professional management of credit and country, market, liquidity, and operational risks.

As a subsidiary and major sub-group of RZB, Raiffeisen International is integrated into RZB-Kreditinstitutsgruppe's risk management system. This ensures through different risk management units at several organizational levels of the Group that all material risks are measured and limited, and that business in general in due consideration of a risk/return perspective. For this purpose and in addition to legal and regulatory requirements, the risk management concept takes into account the particular nature, scale, and complexity of the business activities and the resulting risks.

Organization of risk management

In order to ensure a consistent and coherent risk management approach within the Group, the Managing Board of Raiffeisen International decides on the risk strategy and risk management rules within the framework laid down by RZB. These targets which are defined in the risk strategy include the risk appetite, limits for all material risks, and the demand on a minimum risk-adjusted return. Also limits on large exposures, product/sector/industry weights, regional concentrations, and for market risks (e.g. structural open foreign exchange positions) are defined. The Managing Board of *Raiffeisen International Bank-Holding AG* is responsible for implementing these targets and for an adequately monitoring and controlling of the resulting risks.

Furthermore, the Managing Board of *Raiffeisen International Bank-Holding AG* ensures the proper organization and ongoing development of risk management. It decids which procedures are to be employed in identifying, measuring, and monitoring risks, and makes steering decisions according to the created risk reports and analyses. The Managing Board is supported in fulfilling these duties by independent risk management units and specially appointed committees.

Organizational structure
Basically, risk management functions are performed on different levels in the Group. *Raiffeisen International Bank-Holding AG* develops and implements the according concepts in close cooperation and coordination with *Raiffeisen Zentralbank Österreich Aktiengesellschaft* as the parent company and its individual subsidiaries.

The central risk management units are responsible for the adequate and appropriate implementation of the Group’s risk management process. In particular, they establish common risk management principles and set business-specific standards, tools, and practices for all Group entities. In addition, local risk management units are established in the different legal entities of Raiffeisen International. They implement the risk policies for specific risk types and take active steering decisions within the approved risk budgets in order to achieve the targets set in the business policy. For this purpose, they monitor resulting risks using standardized measurement tools and communicate them to central risk management units via defined reporting interfaces.

Risk committees

Committees bring together decision makers from RZB’s different units (and therefore also representatives of Raiffeisen International) involved in risk management activities.

The Group Risk Committee is responsible for the ongoing development and implementation of methods and parameters for risk quantification models and for refining steering instruments. The committee also analyzes the current risk situation of the Group with respect to capital adequacy and corresponding risk limits. It approves risk management and controlling activities (like the allocation of risk capital) and advises the Managing Board in these matters.

The Market Risk Committee (MACO) controls market risks of trading and banking book transactions of Raiffeisen International and establishes corresponding limits and processes. For this purpose, the committee evaluates business results, the amount of risks taken and the limit utilization, as well as the results from scenarios and stress tests.

The Credit Committee, which is staffed by front office and back office divisions (account management and risk management), decides on credit transactions according to the credit approval process (depending on rating, exposures size, and duration) and approves all credit decisions that must be made by the Managing Board.

The Asset Liability Management Committee (ALCO) assesses and manages balance sheet structure risks and liquidity risk. In this context it plays an important role for the Group’s long term funding planning and the hedging of structural risk positions.

Credit Portfolio Committees have been newly introduced to define credit portfolio strategies for different customer segments. In these committees, representatives from business and risk management units discuss the risks and opportunities of different customer segments (e.g. industries, countries, retail divisions) and develop limits for the Group's future credit portfolio orientation.

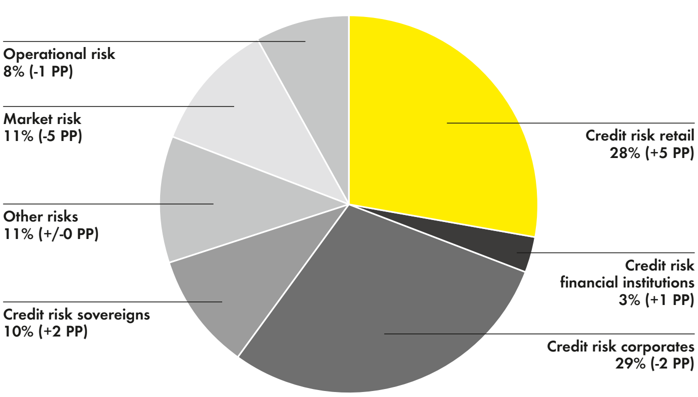
Internal capital adequacy

Maintaining an adequate level of capital is a core objective of risk management at Raiffeisen International. Capital adequacy is monitored on a quarterly basis based on the actual risk level measured by internal models, taking into account the materiality of risks for choosing appropriate models. This capital adequacy framework incorporates both capital requirements from a regulatory point of view (sustainability and going concern perspective) and from an economic point of view (target rating perspective).

Objective	Description of risk	Measurement technique	Confidence level
Sustainability perspective	Core capital ratios from a risk perspective	Capital and earnings projection for the three-year planning period based on a severe macroeconomic downturn scenario	70-90 per cent based on the management decision that the Group might be required to temporarily reduce risks or raise additional equity
Going concern perspective	Risk of not meeting the regulatory capital requirement	Risk taking capacity (projected earnings plus capital exceeding regulatory requirements) must not fall below the annualized value-at-risk of the Group (risk horizon: 1 year)	99 per cent reflecting the owners' willingness to inject additional own funds
Target rating perspective	Risk of not being able to satisfy claims of the Group's senior debt holders	Unexpected losses on an annual basis (economic capital) must not exceed the present value of equity and subordinated liabilities	99.95 per cent as probability of the fault of the target rating

This concept for overall bank risk management also satisfies the requirement for an internal capital adequacy assessment process (ICAAP) as required by Basel II (Pillar 2) regulations.

Risk contribution of individual risk types to economic capital 31/12/2009



Target rating perspective

Risks in the target rating perspective are measured as economic capital presenting a comparable measure across all types of risks. It is calculated as the sum of unexpected losses stemming from different Group members and different risk categories (credit incl. country risk, market, and operational risk). In addition, a separate buffer for other risks not explicitly quantified is held on overall Group level.

Raiffeisen International uses a confidence level of 99.95 per cent for calculating unexpected losses for a 1 year horizon. This confidence level is based on the probability of default implied by the target rating. The purpose of calculating economic capital is to determine the amount of capital, which would be required for servicing the claims of customers and creditors even in the case of such an extremely rare event.

Economic capital shows – as in the last year – that credit risk of the corporate customer division remains the dominant risk category. Its share in total risk (29 per cent), however, is decreasing steadily in annual comparison. Credit risks in total account for 69 per cent of economic capital. Market and operational risks account for 11 and 8 per cent respectively and in addition a general risk buffer is allocated for other risks as well.

The overall risk amount is compared to internal capital, which mainly denotes equity and subordinated capital and serves as a cushion for servicing claims of senior debtors if losses are incurred. Total utilization of available risk capital (the ratio of economic capital to internal capital) amounted to 87 per cent at the end of the reporting period (2008: 92 Prozent). The decreased utilization in comparison to the previous year mainly results from a fall of foreign exchange rate risk in the market risk area and the strengthening of the capital base.

Economic capital is used as an important instrument in overall bank risk management and is used for allocating risk budgets. Economic capital budgets are allocated to business segments during the annual budgeting process and transformed for operative steering into volume, sensitivity, or value-at-risk limits. In Raiffeisen International this sort of planning is done on a revolving basis for the upcoming three years and it incorporates the future development of economic capital as well as the available internal capital. Economic capital thus influences the plans for future lending activities and the overall limit for taking market risks.

Based on these calculations, Raiffeisen International also carries out risk-adjusted performance measurement. In doing so, the profitability of business units is set in relation to the amount of economic capital attributed to these units (risk-adjusted return on risk-adjusted capital, RORAC), which yields a comparable performance measure for all business units of the Group. The RORAC measure in turn is a key figure for overall bank management, for future capital allocations to business units, and influences performance-oriented compensation of the Group's executive management.

Going concern perspective

Parallel to that procedure, internal capital adequacy also is assessed with focus on the uninterrupted operation of the Group on a going concern basis. In this perspective, risks again are compared to risk taking capacity with a view to regulatory capital and minimum capital requirements.

According to this target, risk taking capacity is calculated as the amount of planned profits, expected risks costs, and the excess of own funds (taking into account various limits on eligible capital). This capital amount is compared to the overall value-at-risk (including expected losses). Quantitative models used in the calculation mostly are comparable to the target rating perspective, (albeit on a lower 99 per cent confidence level). Using this perspective the Group ensures adequate regulatory capitalization (going concern) with the given probability.

In this process, regulatory capital requirements are calculated on Group level according to Austrian regulations. Local regulatory capital requirements for individual Group members can be met by adequate structural balance sheet measures. Internal targets for regulatory capital ratios are intentionally set higher than the legal minimum, in order to be able to fulfill regulatory capital requirements at all times and to account for other risks which are not considered in the regulatory requirements.

Sustainability perspective

The main goal of the sustainability perspective is to ensure that Raiffeisen International can also maintain a sufficient core capital ratio for the three-year planning period in a severe macroeconomic downturn scenario. This analysis of the sustainability perspective is based on a multi-year macroeconomic stress test where hypothetical market developments in a severe but realistic economic downturn scenario are simulated. The risk parameters considered are amongst others: interest rates, foreign exchange rates and securities prices as well as changes in default probabilities and rating migrations.

This perspective thus also complements traditional risk measurement based on the value-at-risk concept, which is in general based on historic data. Therefore it can incorporate exceptional market situations that have not been observed in the past and it is possible to estimate the potential impact of such developments. The stress test also allows analyzing risk concentrations (e.g. individual items, industries, or geographical regions) and gives insight into the profitability, liquidity situation, and solvability under extreme situations.

The main focus of this integrated stress test is the resulting core capital ratio in the RZB-Kreditinsitutsgruppe, with Raiffeisen International as a major subgroup, for a multi-year period. The minimum amount of core capital thus is determined by the size of the potential economic downturn. In this analysis the need for allocating loan loss provisions, potential procyclical effects that increase minimum regulatory capital requirements, the impact of foreign exchange fluctuations as well as other valuations and earnings effects resulting from the downturn scenario are incorporated.

Eventually, the results of these stress tests are analyzed in detail in order that adequate steering measures can be implemented in advance. If the results exceed valid trigger levels, predefined countermeasures are initiated and necessary additional actions are evaluated for Raiffeisen International. In the reporting period, for example, as part of these measures participation capital and hybrid tier-1 capital was issued and risks have been reduced selectively.

Credit risk

Credit risk within Raiffeisen International consists mainly of default risk that arises from business with retail and corporate customers, other banks and sovereign borrowers. Default risk is defined as the risk that a customer will not be able to fulfill contractually agreed financial obligations. Also migration risks (caused by deteriorations in customers' creditworthiness), concentration risks of creditors or in credit risk mitigation techniques, and country risk are considered.

Credit risk is by far the most important risk category in Raiffeisen International as also indicated by internal and regulatory capital requirements. In the Group it is analyzed and monitored both on an individual loan and customer-by-customer basis, and on a portfolio basis. Credit risk management and lending decisions are based on the respective credit risk policies, credit risk manuals, and the corresponding tools and processes which have been developed for this purpose.

The internal credit risk controlling system includes different types of monitoring measures which are tightly integrated into the work flow that lead from the customer's initial credit application, to the bank's credit approval, and finally to the repayment of the loan.

Limit application process
No lending transaction is performed without running through the limit application process beforehand in the non-retail segments. This process is also consistently applied – besides new lending – to increases in existing limits, extensions, overdrafts, and if changes in the risk profile of a borrower occur (e.g. with respect to the financial situation of the borrower, the terms and conditions, or collateral) compared to the time an original lending decision was made. In addition it is used when setting counterparty limits in treasury and investment banking operations, other limits leading to credit risk, and for equity participations.

Credit decisions are made within the context of a hierarchical competence authority scheme depending on the type and size of a loan. It always requires the approval of the business and the credit risk management divisions for individual limit decisions or when performing regular rating renewals. If the individual decision-making parties disagree, the potential transaction will have to be considered by the next decision-making level.

The values of collateral and other risk mitigation techniques are calculated with each credit assessment as well. For the calculation of risk mitigation effects, the value accounted for is the value Raiffeisen International expects to receive when selling the collateral within a reasonable liquidation period. Eligible collaterals are defined in the Group's collateral catalogue and evaluation guidelines for collateral. The respective value of the collateral is calculated via specified methods, which include standardized calculations based on market values, predefined minimum discounts, and expert assessments.

The whole limit application process is based on defined uniform principles and rules. Account management, for example, where multinational customers do business simultaneously with more than one network unit of Raiffeisen International, is supported by the Global Account Management System (GAMS). The limit application process makes the dual control principle mandatory and allows for fast sharing of lending applications for decision making according to the defined competence schemes. All these applications benefit from unique customer identification in the non-retail division and the respective IT system for retail customers in the Group.

Rating models and credit structure

The rating process is the process of determining the creditworthiness of a counterparty. Raiffeisen International uses internal ratings for assessing credit risk where different risk-classification procedures (rating and scoring models) for different asset classes are employed. Non-retail rating and scoring models are used uniformly in the whole Group and are available as specific software tools (e.g. for determining the creditworthiness and calculating the rating, rating documentation in the rating database).

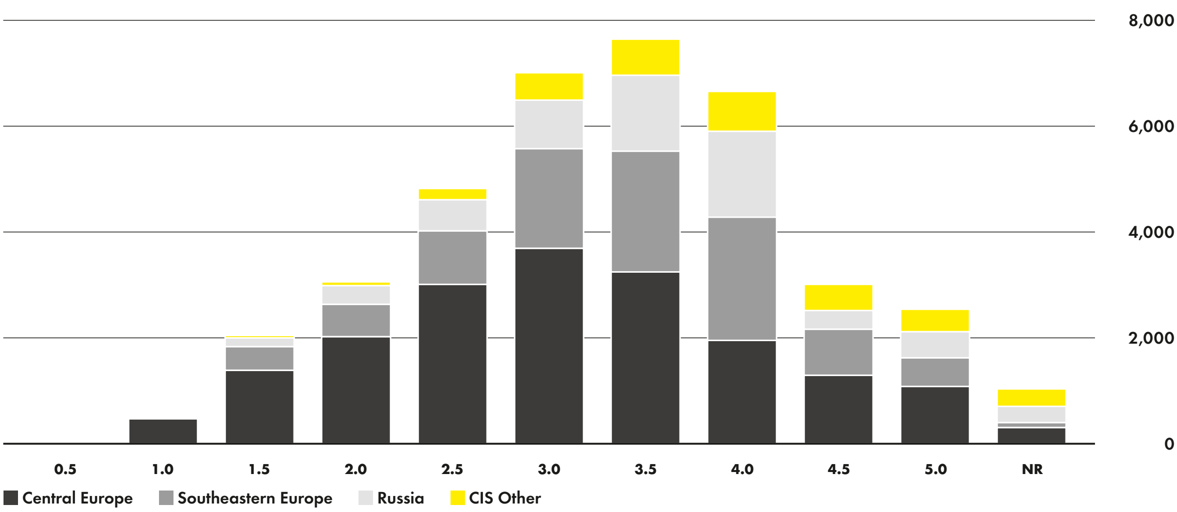
The rating models in the main non-retail asset classes – corporate customers, financial institutions, and sovereigns – rank creditworthiness in ten classes. The portfolio distribution shown is based on individual customer ratings. For the overall assessment of credit risk, guarantees and collateral must also be considered. Furthermore, it should be noted that the default probabilities of individual rating classes are calculated separately for each business segment. Thus the default probability of the same ordinal rating class (e.g. 1.5 for corporates, A3 for financial institutions, and A3 for sovereigns) in the different segments is not directly comparable.

Corporate customers

The internal rating model for corporate customers takes qualitative factors as well as several business and performance figures which are tailored to the various industries and financial reporting standards into account.

Exposure to corporate customers, by internal rating and region

in € million



The following table provides a breakdown of the credit exposure according to the internal rating of **corporate customers** in thousands of euros. These figures show the total exposure (including off-balance sheet exposure). Collateral must also be taken into account in the overall assessment of credit risk:

Internal rating		2009	Proportion	2008	Proportion
0.5	Minimal Risk	62	<0.1%	4,985	<0.1%
1.0	Excellent credit standing	501,463	1.3%	816,578	1.7%
1.5	Very good credit standing	2,016,052	5.3%	3,387,288	7.1%
2.0	Good credit standing	3,030,803	7.9%	6,461,836	13.6%
2.5	Sound credit standing	4,801,391	12.6%	7,118,823	15.0%
3.0	Acceptable credit standing	6,998,598	18.3%	9,780,532	20.6%
3.5	Marginal credit standing	7,624,213	20.0%	9,919,172	20.9%
4.0	Weak credit standing/sub-standard	6,632,624	17.4%	5,626,043	11.8%
4.5	Very weak credit standing/doubtful	3,003,247	7.9%	1,813,613	3.8%
5.0	Default (acc. to Basel II definition)	2,531,273	6.6%	951,437	2.0%
NR	Not rated	1,019,873	2.7%	1,616,048	3.4%
Total		**38,159,599**	**100.0%**	**47,496,355**	**100.0%**

The total credit exposure to corporate customers declined in comparison to year end 2008 by approximately 20 per cent. This reduction can be partly attributed to the implementation of selective portfolio reduction measures, but is also caused by foreign exchange effects. During the financial year 2009 the average credit quality of corporate customers declined. This negative change in overall credit quality is mainly caused by rating-downgrades for existing customers where the key business and performance figures used in rating models deteriorated due to the economic downturn. The portfolio share of the best rating categories (up to rating class 2.0) decreased most by 7.9 per cent to now 14.5 per cent. Also the proportion of exposures with acceptable credit standing (up to rating class 3.0) declined by 4.7 per cent and stands at 30.9 per cent. Consequently, the portfolio share of lower rated customers increased by 8.7 per cent to 45.2 per cent as the economic recession fully unfolded during the year 2009. The portfolio share of customers at default (rating class 5.0) also increased from 2.0 per cent to 6.6 per cent as well. On the regional level, the main focus of the customers at default lay in Ukraine and Russia followed by Hungary with a distance. Nearly one half of the exposure not rated is due to small loans which are loaded without their ratings into the group data warehouse. Nonetheless, the exposure share of unrated corporate customers has been decreased above average as a consequence of process improvements.

It should be noted that the rating shown in this table only reflects the borrowers' credit standing and does not take into account the amount of collateral provided in individual transactions.

For **project financing** the rating model shows five different grades. The breakdown of project financing volume in thousands of euros is as follows:

Project rating		2009	Proportion	2008	Proportion
6.1	Excellent project risk profile – very low risk	940,405	28.4%	1,451,184	40.0%
6.2	Good project risk profile – low risk	1,316,273	39.8%	1,405,852	38.8%
6.3	Acceptable project risk profile – average risk	745,345	22.5%	664,786	18.3%
6.4	Poor project risk profile – high risk	219,127	6.6%	73,559	2.0%
6.5	Default	61,534	1.9%	10,848	0.3%
NR	Not rated	27,805	0.8%	20,042	0.6%
Total		**3,310,489**	**100.0%**	**3,626,271**	**100.0%**

The volume of assets rated through project rating has decreased by 9 per cent compared to year end 2008 where the main reduction took place in Central Europe. The good rating profile of the portfolio reflects the high collateralization in these special financing transactions. Nonetheless, there have been downgrades as well.

Retail customers

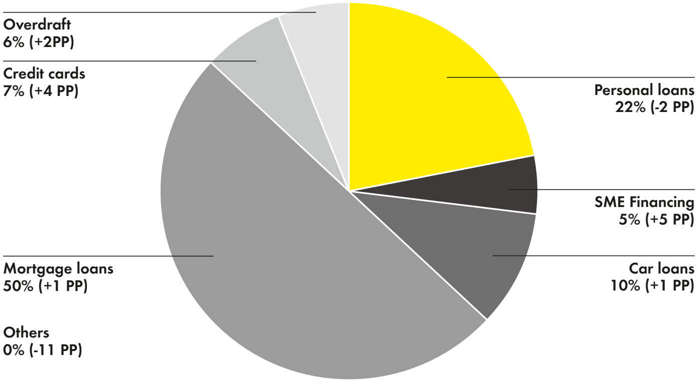
Retail customers are divided into private individuals and small and medium-sized enterprises (SME). For retail customers, a two-fold scoring system is used – consisting of the initial and ad-hoc scoring based on customer data and behavioral scoring based on account data.

The table below provides a breakdown of the credit exposure (including off-balance sheet exposure) for **retail customers** by region (domicile of the booking unit) in thousands of euros:

2009	Total	Proportion	Central Europe	Southeastern Europe	Russia	CIS Other
Retail – private individuals	19,409,046	88.5%	8,762,722	6,648,863	1,950,408	2,047,053
Retail – SME	2,534,436	11.5%	1,464,466	836,075	29,089	204,806
Total	**21,943,482**	**100.0%**	**10,227,188**	**7,484,938**	**1,979,497**	**2,251,859**

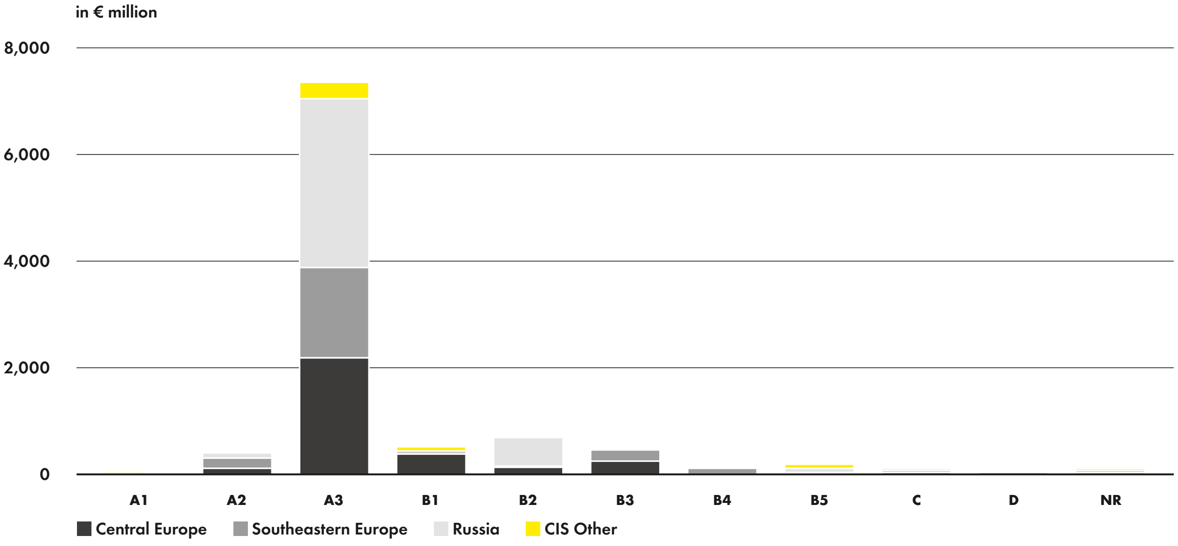
2008	Total	Proportion	Central Europe	Southeastern Europe	Russia	CIS Other
Retail – private individuals	20,688,912	87.5%	8,658,050	7,204,791	2,436,984	2,389,087
Retail – SME	2,964,022	12.5%	1,532,529	1,026,792	39,032	365,669
Total	**23,652,934**	**100.0%**	**10,190,579**	**8,231,583**	**2,476,016**	**2,754,755**

Retail exposure, split by product groups



From year-end 2008 to year-end 2009, the retail portfolio in total decreased by 7 per cent to € 21,943,482 thousand. This decrease was caused mainly by implementing measures for selectively reducing the credit portfolio. Partial product restrictions with respect to foreign currency loans as a response to the economic development in some CEE countries and exchange rate effects contributed to this decrease in assets as well. The largest exposure decrease took place in the small and medium enterprises division (minus 14 per cent), whereas loans to private individuals decreased just by 6 per cent. From a geographical point of view, the segments Russia and CIS Other were hit by the largest decrease (minus 20 per cent and minus 18 per cent respectively).

Exposure to financial institutions, by internal rating and region



Financial institutions

The customer division financial institutions mainly contains exposures to 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. A ceiling is applied to the final rating for financial institutions by the respective country rating.

The following table shows the credit exposure per rating class for **financial institutions** (including off-balance sheet exposure but excluding central banks) in thousands of euros:

Internal rating		2009	Proportion	2008	Proportion
A1	Minimal risk	35,527	0.3%	417,787	4.6%
A2	Excellent credit standing	411,278	3.7%	710,634	7.8%
A3	Very good credit standing	8,331,712	75.5%	6,193,968	68.3%
B1	Good credit standing	622,119	5.6%	414,217	4.6%
B2	Average credit standing	672,202	6.1%	631,356	7.0%
B3	Mediocre credit standing	493,761	4.5%	347,200	3.8%
B4	Weak credit standing	155,176	1.4%	64,183	0.7%
B5	Very weak credit standing	191,052	1.7%	130,809	1.4%
C	Doubtful/high default risk	58,156	0.5%	13,978	0.2%
D	Default	4,919	<0.1%	731	<0.1%
NR	Not rated	64,626	0.6%	140,291	1.5%
Total		**11,040,528**	**100.0%**	**9,065,154**	**100.0%**

In comparison to year end 2008, loans and advances to and securities issued by financial institutions increased significantly by 22 per cent to € 11,040,528 thousand. The rating distribution of financial institutions showed an even higher clustering in the rating class A3, which went up from 68.3 per cent to 75.5 per cent in the overall portfolio share. This increase was mainly due to short-term deposits made at other banks. The exposure in the rating class B4 increased by 142 per cent compared to the year end 2008. The main increase was recorded in Southeastern Europe. The exposure of unrated financial institutions was below 1 per cent as of 31 December 2009. This exposure was caused mainly by short-term loans to small banks, where the rating process had not been completed yet.

Sovereigns

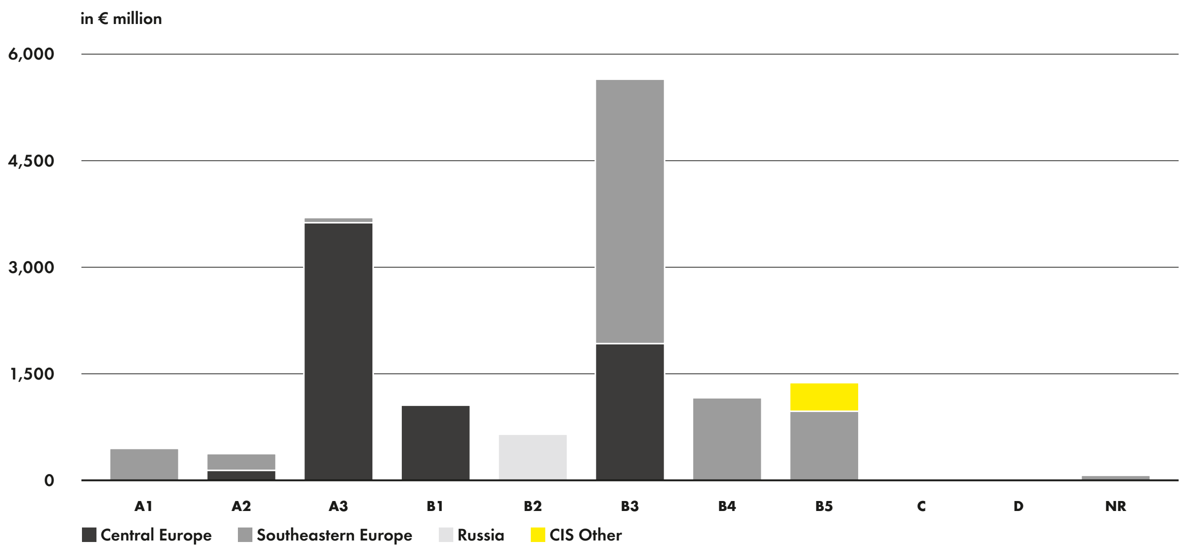
Another rating model is used for central governments, central banks, and regional municipalities as well as other public sector entities. The table below provides a breakdown of the credit exposure to sovereigns (including central banks and off-balance sheet exposure) based on the internal rating in thousands of euros:

Internal rating		2009	Proportion	2008	Proportion
A1	Minimal risk	455,342	3.1%	510,718	3.2%
A2	Excellent credit standing	380,171	2.6%	137,227	0.9%
A3	Very good credit standing	3,687,206	25.2%	4,540,568	28.6%
B1	Good credit standing	1,061,130	7.3%	1,134,324	7.2%
B2	Average credit standing	653,250	4.5%	3,523,547	22.2%
B3	Mediocre credit standing	5,762,992	39.4%	3,610,963	22.8%
B4	Weak credit standing	1,168,817	8.0%	1,794,342	11.3%
B5	Very weak credit standing	1,373,089	9.4%	556,784	3.5%
C	Doubtful/high default risk	8,306	0.1%	0	<0.1%
D	Default	19,232	0.1%	4,172	<0.1%
NR	Not rated	61,313	0.4%	42,578	0.3%
Total		**14,630,848**	**100.0%**	**15,855,223**	**100.0%**

The total exposure to sovereigns decreased by 8 per cent. This was caused mainly by shifting liquid funds. Due to the gradual normalization of the interbank market, liquidity was placed again at other banks instead of central banks. Compared to the previous year the total exposure of the best rating class A1 decreased by 11 per cent. The decline of portfolio in rating class A3 was caused by a reduction in deposits at and securities issued by Slovakian sovereigns.

The high exposure in average rating grades resulted mainly from the deposits of network banks at local central banks in Central and Eastern Europe with an acceptable credit standing. These deposits are used to meet the respective minimum reserve requirements and to manage excess liquidity on a short-term basis and therefore are intrinsically tied to the banking activities in these countries. The exposure to rating class B2 has been reduced by € 2,870,297 thousand compared to year-end 2008. This can be mainly attributed to the rating of Hungary, which has been downgraded from B2 to B3. The exposure in rating class B5 increased by € 816,305 thousand. This has been caused mainly by the rating downgrade of Serbia (from B4 to B5).

Exposure to sovereigns, by internal rating and region



Default and workout process

Non-performing loans are defined analogous to Basel II default criteria. Default is defined in Raiffeisen International as the event where a specific debtor is unlikely to pay its credit obligations to the Group from primary sources, or the debtor is overdue more than 90 days on any material credit obligation. Raiffeisen International has defined twelve default indicators which are used to identify a default event including the insolvency or similar proceedings of a customer, if an impairment provision has been allocated or a direct write-off has been carried out, if credit risk management has judged a customer account receivable to be not wholly recoverable, or the workout unit is considering stepping in to help a company restore its financial soundness.

The credit portfolio and individual borrowers are subject to constant monitoring. The main purposes of monitoring are to ensure that the borrower is meeting the terms and conditions of the contract as well as following the obligor's economic development. It is supplemented by an early warning system and conducted on a monthly basis. A review is conducted at least once annually for the non-retail divisions corporate customers, financial institutions, and sovereigns. This includes a rating review and the re-evaluation of financial and tangible collaterals.

Within the scope of the Basel II project a Group-wide default database has been created for recording and documenting customer defaults. The database tracks recoveries and work-out costs as well, which makes it suitable for calculating and validating PDs and LGDs (the probability of default, PD, and loss given default, LGD, both are parameters in the regulatory Internal Ratings Based approach used for determining required own funds and the Group's internal risk quantification models).

Troubled loans (where debtors are expected to run into material financial difficulties or delayed payment) need special handling. In the non-retail segments, Problem Loan Committees (PLCs) of each Group member review problematic exposures. In case of the need for intensified handling and workout, the troubled loans are assigned either to a designated specialist or to a restructuring unit (workout department), both part of the risk or credit risk management divisions. Employees of workout units are specially trained and are assisted by in-house legal departments and/or by external specialists as well. Work-out units play a decisive role in accounting and analyzing as well as booking provisions for impairment losses (write-offs, value adjustments, provisioning). Their early involvement can help in reducing losses caused by troubled loans. Cases in which restructuring or liquidation take place are analyzed in Raiffeisen International to find out their causes. Lending processes are then adapted as necessary on the basis of these results.

Default and workout standards in the retail area are defined for the whole restructuring and collection process for private individuals and small enterprises. A restructuring guideline defines the Group's restructuring framework including the strategy, organization, methods, monitoring and controlling. In the collection process customers are classified into three categories "Early", "Late" and "Recovery", for which a standardized customer handling process is defined each.

Restructuring of loans

As of 31 December 2009 the carrying amount of loans for which terms were renegotiated in connection with a substantial and immediate loss that would otherwise be past due or impaired amounted to € 483,909 thousand. Split by asset classes, € 160,282 thousand of that is attributable to corporate customers and € 323,627 thousand to retail customers.

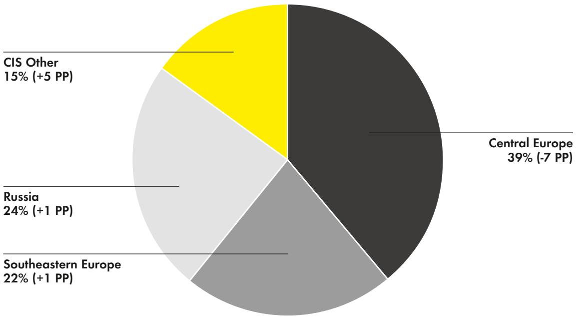
Impairments and provisioning

The impact of the economic crisis led to a strong increase in credit defaults in the year 2009.

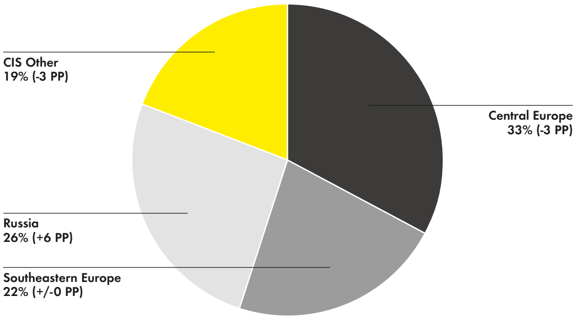
Provisions for impairment losses are formed on the basis of Group-wide standards according to IFRS accounting principles and cover all identifiable credit risks. In the non-retail segments, problem loan committees of each Group member decide on building individual loan loss provisions. In the retail area, provisioning is performed by retail risk departments in individual Group units. They compute loan loss provisions according to defined calculation schemes on a monthly basis. The provisioning amount is then approved by local accounting departments.

The following charts show the regional breakdown of non-performing loans and provisions.

Breakdown of non-performing loans by region



Breakdown of loan loss provisions by region



The following table shows the exposure outstanding in the defined asset classes from balance sheet positions loans and advances to banks and loans and advances to customers and the corresponding non-performing loans, collateral provided for these loans, and impairment losses on loans by segments (domicile of booking unit):

€000	Central Europe	Southeastern Europe	Russia	CIS Other	Total 2009
Corporate customers	**14,445,729**	**7,152,689**	**4,394,004**	**3,222,680**	**29,215,102**
Non-performing	1,073,183	549,985	441,780	511,296	2,576,244
thereof collateralized	409,459	339,276	172,491	325,714	1,246,939
Impairment losses on loans	588,475	294,615	408,117	406,238	1,697,445
Retail customers	**9,225,278**	**6,898,650**	**1,866,483**	**2,151,627**	**20,142,038**
Non-performing	650,711	436,773	202,870	559,866	1,850,220
thereof collateralized	358,453	113,781	114,112	405,873	992,218
Impairment losses on loans	408,227	370,941	192,387	408,670	1,380,225
Financial institutions	**1,936,906**	**2,110,331**	**3,154,166**	**602,254**	**7,803,657**
Non-performing	4,057	0	0	176	4,233
thereof collateralized	0	0	0	0	0
Impairment losses on loans	3,245	16	0	176	3,438
Sovereigns	**1,060,919**	**1,724,651**	**127,696**	**218,828**	**3,132,094**
Non-performing	12,935	0	2,964	0	15,898
thereof collateralized	502	0	0	0	502
Impairment losses on loans	2,343	0	572	0	2,915
Total	**26,668,832**	**17,886,322**	**9,542,348**	**6,195,389**	**60,292,891**
Non-performing	1,740,886	986,758	647,613	1,071,338	4,446,596
thereof collateralized	768,414	453,057	286,603	731,586	2,239,660
Impairment losses on loans	1,002,291	665,572	601,076	815,084	3,084,023

€000	Central Europe	Southeastern Europe	Russia	CIS Other	Total 2008
Corporate customers	**15,781,436**	**8,460,085**	**6,486,680**	**3,933,930**	**34,662,130**
Non-performing	488,012	184,160	44,234	107,643	824,049
thereof collateralized	208,868	179,046	79,296	51,620	518,830
Impairment losses on loans	363,348	145,746	211,397	131,501	851,993
Retail customers	**9,222,207**	**7,613,793**	**2,668,794**	**2,631,449**	**22,136,244**
Non-performing	327,035	197,953	79,296	346,460	950,744
thereof collateralized	113,328	206,019	48,259	163,776	531,382
Impairment losses on loans	214,314	211,685	155,031	201,736	782,766
Financial institutions	**1,014,322**	**1,638,287**	**1,605,991**	**809,634**	**5,068,234**
Non-performing	0	431	0	0	431
thereof collateralized	0	0	0	0	0
Impairment losses on loans	4,162	16	173	0	4,351
Sovereigns	**2,823,485**	**1,693,074**	**210,363**	**59,736**	**4,786,658**
Non-performing	5,206	0	0	0	5,206
thereof collateralized	236	0	0	0	236
Impairment losses on loans	2,153	0	0	0	2,153
Gesamt	**28,841,450**	**19,405,239**	**10,971,828**	**7,434,750**	**66,653,266**
Non-performing	820,254	382,544	123,530	454,103	1,780,431
thereof collateralized	322,432	385,065	127,555	215,396	1,050,448
Impairment losses on loans	583,977	357,446	366,601	333,237	1,641,262

In 2009 in the corporate customers division, NPL ratio was the highest in the segment CIS Other, standing at 15.9 per cent, which is mainly attributable to loan defaults in Ukraine. For the total division this ratio went up from 2.4 per cent to 8.8 per cent. In nominal amounts, non-performing loans reached € 2,576,244 thousand where € 1,697,445 thousand impairment losses on loans have been allocated and in addition € 1,246,939 thousand of collateral is available.

The retail customer division has the highest ratio of non-performing loans to total loans. The NPL ratio in this division increased to 9.2 per cent. In particular, the NPL ratio in the relatively small segment CIS Other increased significantly from 8.0 per cent to 26.0 per cent. In total, non-performing loans in the retail area reached € 1,850,220 thousand where € 992,218 thousand were available as collateral. For the difference between these values € 1,380,225 thousand in impairment losses on loans have been allocated.

The following table summarizes the development of loan loss provisions and provisions for off-balance sheet obligations in the fiscal year and that of the underlying positions on the balance sheet:

€000	As of 1/1/2009	Change in consolidated group	Allocation[1]	Release	Usage[2]	Transfers, Exchange differences	As of 31/12/2009
Individual loan loss provisions	**1,111,914**	**(2)**	**1,836,160**	**(271,456)**	**(267,063)**	**(26,205)**	**2,383,348**
Loans to banks	4,050	0	194	(3)	(8)	(803)	3,430
Loans to customers	1,070,121	(2)	1,816,514	(245,139)	(267,054)	(19,861)	2,354,579
Off-balance sheet obligations	37,743	0	19,452	(26,314)	(1)	(5,541)	25,339
Portfolio-based provisions	**598,725**	**0**	**474,261**	**(288,431)**	**0**	**(14,043)**	**770,512**
Loans to banks	301	0	121	(283)	0	(131)	8
Loans to customers	566,790	0	442,356	(269,340)	0	(13,800)	726,006
Off-balance sheet obligations	31,634	0	31,784	(18,808)	0	(112)	44,498
Total	**1,710,639**	**(2)**	**2,310,421**	**(559,887)**	**(267,063)**	**(40,248)**	**3,153,860**

[1] Allocation including direct write-downs and income on written down claims.
[2] Usage including direct write-downs and income on written down claims.

€000	As of 1/1/2008	Change in consolidated group	Allocation[1]	Release	Usage[2]	Transfers, Exchange differences	As of 31/12/2008
Individual loan loss provisions	**803,597**	**0**	**732,323**	**(230,362)**	**(107,912)**	**(85,732)**	**1,111,914**
Loans to banks	146	0	3,670	(152)	(8)	394	4,050
Loans to customers	754,580	0	700,872	(192,077)	(107,898)	(85,356)	1,070,121
Off-balance sheet obligations	48,871	0	27,781	(38,133)	(6)	(770)	37,743
Portfolio-based provisions	**367,364**	**0**	**407,909**	**(129,569)**	**0**	**(46,979)**	**598,725**
Loans to banks	499	0	325	(471)	0	(51)	301
Loans to customers	347,941	0	385,900	(120,505)	0	(46,546)	566,790
Off-balance sheet obligations	18,924	0	21,684	(8,593)	0	(382)	31,634
Total	**1,170,961**	**0**	**1,140,232**	**(359,931)**	**(107,912)**	**(132,711)**	**1,710,639**

[1] Allocation including direct write-downs and income on written down claims.
[2] Usage including direct write-downs and income on written down claims.

The following table shows the geographic breakdown of loan loss provisions by region according to the domicile of the booking unit:

€000	As of 1/1/2009	Change in consolidated group	Allocation[1]	Release	Usage[2]	Exchange differences	As of 31/12/2009
Individual loan loss provisions	**1,111,914**	**(2)**	**1,836,160**	**(271,456)**	**(267,063)**	**(26,205)**	**2,383,348**
Central Europe	449,456	0	515,223	(131,663)	(79,863)	6,130	759,283
Southeastern Europe	238,822	(2)	427,817	(75,699)	(99,766)	(5,733)	485,439
Russia	223,341	0	396,683	(57,278)	(76,608)	(4,261)	481,877
CIS Other	200,295	0	496,437	(6,816)	(10,826)	(22,341)	656,749
Portfolio-based provisions	**598,725**	**0**	**474,261**	**(288,431)**	**0**	**(14,043)**	**770,512**
Central Europe	165,293	0	184,935	(79,154)	0	3,321	274,395
Southeastern Europe	148,155	0	117,689	(55,814)	0	(11,469)	198,561
Russia	150,009	0	71,317	(78,201)	0	(6,633)	136,492
CIS Other	135,268	0	100,320	(75,262)	0	738	161,064
Total	**1,710,639**	**(2)**	**2,310,421**	**(559,887)**	**(267,063)**	**(40,248)**	**3,153,860**

[1] Allocation including direct write-downs and income on written down claims.
[2] Usage including direct write-downs and income on written down claims.

€000	As of 1/1/2008	Change in consolidated group	Allocation[1]	Release	Usage[2]	Exchange differences	As of 31/12/2008
Individual loan loss provisions	**803,597**	**0**	**732,323**	**(230,362)**	**(107,912)**	**(85,732)**	**1,111,914**
Central Europe	302,303	0	324,870	(99,943)	(59,003)	(18,771)	449,456
Southeastern Europe	191,201	0	163,207	(91,841)	(21,046)	(2,699)	238,822
Russia	169,887	0	120,432	(21,345)	(14,650)	(30,983)	223,341
CIS Other	140,206	0	123,814	(17,233)	(13,213)	(33,279)	200,295
Portfolio-based provisions	**367,364**	**0**	**407,909**	**(129,569)**	**0**	**(46,979)**	**598,725**
Central Europe	126,023	0	98,864	(58,426)	0	(1,168)	165,293
Southeastern Europe	66,280	0	109,149	(21,870)	0	(5,404)	148,155
Russia	94,118	0	96,118	(19,883)	0	(20,344)	150,009
CIS Other	80,943	0	103,778	(29,390)	0	(20,063)	135,268
Total	**1,170,961**	**0**	**1,140,232**	**(359,931)**	**(107,912)**	**(132,711)**	**1,710,639**

[1] Allocation including direct write-downs and income on written down claims.
[2] Usage including direct write-downs and income on written down claims.

Loans and advances as well as loan loss provisions according to Basel II asset classes are shown in the following table:

31/12/2009 €000	Carrying amount	Individual loan loss provisions	Portfolio-based provisions	Net carrying amount	Individually impaired assets	Fair value
Financial institutions	10,310,101	3,430	8	10,306,663	4,241	10,306,241
Sovereigns	1,157,831	2,915	0	1,154,916	80,344	1,142,721
Corporate customers – large	25,371,785	1,137,224	227,559	24,007,002	2,776,422	24,477,546
Corporate customers – small business	3,815,092	279,927	52,735	3,482,430	581,853	3,664,984
Retail – private individuals	17,790,107	777,874	392,018	16,620,215	1,192,012	17,595,666
Retail – SME	2,351,931	156,639	53,694	2,141,599	270,943	2,275,519
Others	28,224	0	0	28,224	129	28,453
Total	**60,825,071**	**2,358,009**	**726,014**	**57,741,049**	**4,905,944**	**59,491,130**

31/12/2008 €000	Carrying amount	Individual loan loss provisions	Portfolio-based provisions	Net carrying amount	Individually impaired assets	Fair value
Financial institutions	9,038,096	4,050	301	9,033,745	16,253	10,308,502
Sovereigns	1,103,929	2,153	0	1,101,776	6,025	1,087,379
Corporate customers – large	29,564,406	506,757	178,778	28,878,871	1,428,291	29,110,585
Corporate customers – small business	5,056,611	117,988	48,469	4,890,154	304,247	4,949,538
Retail – private individuals	19,268,185	368,400	300,727	18,599,058	500,821	18,879,855
Retail – SME	2,868,058	74,823	38,816	2,754,419	128,831	2,841,323
Others	41,115	0	0	41,115	0	41,187
Total	**66,940,400**	**1,074,171**	**567,091**	**65,299,138**	**2,384,468**	**67,218,369**

Overdue financial assets

The definition of default and the assessment of the expected recovery value are heavily influenced by the number of days payments are late. The following table shows the amount of overdue – not impaired – financial assets for different time bands:

31/12/2009 €000	Current	Overdue <31 days	31–90 days	91–180 days	181 days – 1 year	>1 year	Collaterals received for assets which are past due
Financial institutions	10,305,859	0	0	0	0	0	271
Sovereigns	1,044,812	29,903	2,217	554	1	0	1,867
Corporate customers – large	21,424,631	718,445	385,138	22,228	27,282	17,640	1,083,699
Corporate customers – small business	2,902,280	192,110	107,742	10,830	12,349	7,929	324,143
Retail – private individuals	14,253,465	1,407,580	414,313	278,046	111,027	133,663	1,063,926
Retail – SME	1,764,539	199,152	76,277	30,300	4,435	6,286	297,741
Others	27,750	227	119	0	0	0	0
Total	**51,723,336**	**2,547,417**	**985,806**	**341,958**	**155,094**	**165,518**	**2,771,647**

31/12/2008 €000	Current	Overdue <31 days	31–90 days	91–180 days	181 days – 1 year	>1 year	Collaterals received for assets which are past due
Financial institutions	8,953,066	2,741	66,036	0	0	0	2,860
Sovereigns	1,071,981	24,817	1,071	34	1	0	3,824
Corporate customers – large	26,144,068	1,740,650	171,876	44,761	12,411	22,349	1,541,124
Corporate customers – small business	4,158,340	479,609	95,077	8,820	4,247	6,271	642,352
Retail – private individuals	16,344,457	1,615,384	440,690	223,072	46,938	96,823	1,892,329
Retail – SME	2,445,684	173,069	69,744	32,238	8,409	10,083	394,053
Others	41,011	102	0	0	0	0	3
Total	**59,158,607**	**4,036,372**	**844,494**	**308,925**	**72,006**	**135,526**	**4,476,545**

Impaired assets

The following table shows the carrying amount of impaired assets, the amount of specifically allocated provisions, and the corresponding net value of available collateral:

31/12/2009	Impairments and collaterals				
€000	Individually impaired assets	Individual loan loss provisions	Individually impaired assets after deduction of ILLP	Collaterals for individually impaired assets	Interest on individually impaired assets
Financial institutions	4,241	3,430	811	391	27
Sovereigns	80,344	2,915	77,429	8,099	1,816
Corporate customers – large	2,776,422	1,137,223	1,639,199	1,349,302	121,169
Corporate customers – small business	581,853	279,927	301,926	477,086	40,496
Retail – private individuals	1,192,012	777,874	414,138	719,163	118,627
Retail – SME	270,943	156,640	114,303	194,501	22,713
Others	129	0	129	0	0
Total	**4,905,944**	**2,358,009**	**2,547,935**	**2,748,541**	**304,849**

31/12/2008	Impairments and collaterals				
€000	Individually impaired assets	Individual loan loss provisions	Individually impaired assets after deduction of ILLP	Collaterals for individually impaired assets	Interest on individually impaired assets
Financial institutions	16,253	4,050	12,203	2,296	1,290
Sovereigns	6,025	2,153	3,872	20,088	1,380
Corporate customers – large	1,428,291	506,757	921,534	1,197,200	71,489
Corporate customers – small business	304,247	117,988	186,259	384,781	21,840
Retail – private individuals	500,821	368,400	132,421	305,471	71,641
Retail – SME	128,831	74,823	54,008	118,088	10,885
Others	0	0	0	0	0
Total	**2,384,468**	**1,074,171**	**1,310,297**	**2,027,924**	**178,525**

The maximum credit risk exposure and the fair value of collaterals without default of debtor are shown in the following table:

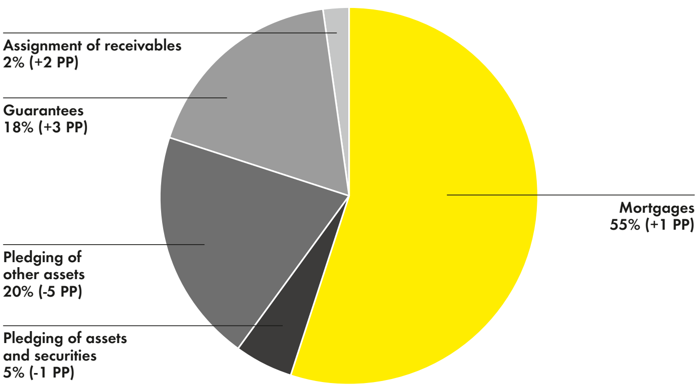
31/12/2009	**Maximum credit exposure**		**Fair value of collaterals**
€000	**Net exposure**	**Commitments / guarantees issued**	
Financial institutions	10,306,663	890,573	135,775
Sovereigns	1,154,916	384,002	228,464
Corporate customers – large	24,007,002	10,636,275	16,833,872
Corporate customers – small business	3,482,430	741,299	2,900,688
Retail – private individuals	16,620,215	1,742,211	12,570,999
Retail – SME	2,141,599	312,526	1,513,847
Others	28,224	1,926	7,319
Total	**57,741,049**	**14,708,812**	**34,190,964**

Collateral, where reselling or repledging is allowed without default of debtor amounted to € 15,540,905 thousand (2008: € 18,185,718 thousand).

31/12/2008	**Maximum credit exposure**		**Fair value of collaterals**[1]
€000	**Net exposure**	**Commitments / guarantees issued**	
Financial institutions	9,033,745	563,827	2,037,226
Sovereigns	1,101,776	399,168	496,174
Corporate customers – large	28,878,871	13,768,609	20,100,704
Corporate customers – small business	4,890,154	1,122,311	4,379,320
Retail – private individuals	18,599,058	1,974,038	13,858,676
Retail – SME	2,754,419	401,638	2,853,401
Others	41,113	12,941	2,748
Total	**65,299,136**	**18,242,532**	**43,728,249**

[1] Last year figures were adapted and include all collaterals.

Type of collateral as of 31/12/2009



Collateral
Collateral is divided into pledges (e.g. guarantees) and asset-based collateral. In Raiffeisen International liens on residential or commercial properties are the main type of collateral used with Raiffeisen International.

Country risk
Country risk includes transfer and convertibility risks as well as political risk. It arises from cross-border transactions and direct investments in foreign countries. Raiffeisen International is exposed to this risk due to its strong business activities in the Central and Eastern European convergence markets. In these markets political and economic risks generally increased in the course of the global economic crisis.

As country risk is closely associated with the risk of sovereign institutions, it is measured based on the same ten-class rating model. This rating model includes a quantitative analysis of the macroeconomic risk of a particular country and a qualitative analysis of the political risk that a particular country represents. Country risk management in Raiffeisen International is based on the country risk policy which is reviewed semi-annually by the Managing Board as prepared by the Country Risk Committee. This committee includes representatives of the various business segments and risk management departments. This policy sets a strict limitation of risk exposure to foreign countries.

In day-to-day work, business units have to submit limit applications for the respective countries for all cross-border transactions in addition to the limit applications a customer. Country risk is also measured separately when assessing internal capital adequacy and is reflected in product pricing as well as in risk-adjusted performance evaluation. Business units therefore get rewarded for mitigating country risk by seeking insurance (e.g. from export credit insurance organizations) or guarantors in third countries.

Stress tests finally simulate the impact of severe crises in selected countries and regions on the Group's performance. These stress tests are another core area of country risk management and underline the special importance of this topic in Raiffeisen International's risk management.

Concentration risk
Raiffeisen International's lending portfolio is broad and well diversified in terms of region and industry. The ten largest corporate exposures (as groups of connected customers) with a weighted average rating between 3.0 and 3.5 account for 3.6 per cent of the corporate portfolio.

The regional breakdown of credit exposure reflects the broad diversification in European markets. The following table shows the regional distribution of credit exposure from banks and customers (including off-balance sheet exposure) by domicile of borrower:

€000	2009	Proportion	2008	Proportion
Slovakia	10,123,017	11.4%	12,171,277	12.2%
Hungary	9,645,335	10.8%	11,086,835	11.1%
Russia	9,547,443	10.7%	13,773,229	13.8%
Czech Republic	9,306,854	10.5%	8,566,498	8.6%
Austria	7,420,225	8.3%	4,822,747	4.8%
Romania	7,225,958	8.1%	6,827,516	6.8%
Poland	6,930,303	7.8%	7,796,949	7.8%
European Union[1]	6,293,175	7.1%	8,423,667	8.4%
Croatia	5,793,291	6.5%	6,041,691	6.1%
Ukraine	5,040,303	5.7%	6,501,749	6.5%
Bulgaria	4,093,188	4.6%	4,940,321	5.0%
Serbia	2,990,563	3.4%	4,672,976	4.7%
Bosnia and Herzegovina	2,168,909	2.4%	2,543,512	2.5%
Others	2,400,065	2.7%	1,583,060	1.6%
Total	**88,978,629**	**100.0%**	**99,752,028**	**100.0%**

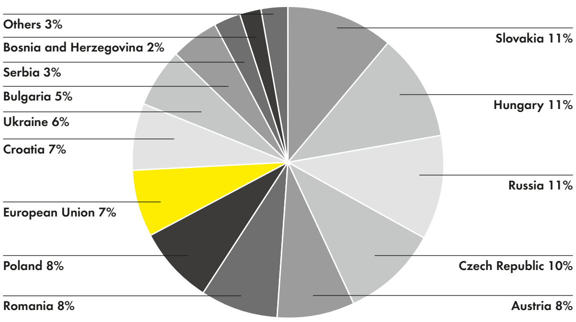
[1] EU-27 excluding member states listed in this table

Within the scope of its risk policy and assessments of creditworthiness, Raiffeisen International also considers the borrower's industry. The following table covers the customer credit exposure (including off-balance sheet exposure, but without banks and central banks):

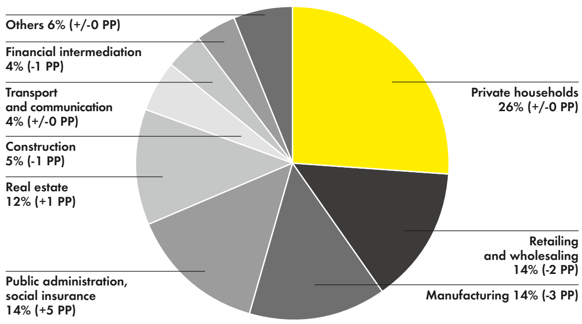
€000	2009	Proportion	2008[1]	Proportion
Private households	19,608,105	26.4%	21,489,380	26.2%
Retail and wholesale trade	10,659,018	14.3%	13,604,595	16.6%
Manufacturing	10,636,720	14.3%	14,173,926	17.3%
Public administration and social insurance institutions	10,458,091	14.1%	7,332,625	8.9%
Real estate	9,110,786	12.3%	9,091,722	11.1%
Construction	3,973,371	5.3%	4,913,450	6.0%
Communication and information transmission	2,832,519	3.8%	3,371,896	4.1%
Banking and insurance	2,767,659	3.7%	3,490,157	4.3%
Others	4,242,437	5.7%	4,615,207	5.6%
Total	**74,288,706**	**100.0%**	**82,082,957**	**100.0%**

[1] Adaptation of previous year figures due to different mapping.

Exposure to financial institutions and customers by geographical region (including off-balance sheet)



Non-bank credit exposure (including off-balance sheet items) by industry



Counterparty credit risk
If a counterparty in a derivative, repurchase, securities or commodities lending or borrowing transaction defaults then losses can arise from re-establishing the contract with another counterparty. In Raiffeisen International this risk is measured by the mark-to-market approach where a predefined add-on is added to the current positive fair value of the contract in order to account for potential future changes. For internal management purposes potential price changes, which can affect the fair value of the instrument, are calculated specifically for different contract types based on historical market price changes.

For derivative contracts the standard limit approval process applies where the same risk classification, limitation, and monitoring process is used as for traditional lending. In doing so, the weighted nominal exposure of derivative contracts is added to the customers' total exposure in the limit application and monitoring process as well as in the calculation and allocation of internal capital.

An important strategy for reducing counterparty credit risk is credit risk mitigation techniques like netting agreements and collateralization. In general, Raiffeisen International strives to establish standardized ISDA master agreements with all counterparties in order to be able to perform close-out netting and credit support annexes (CSA) for full risk coverage for positive fair values on a daily basis.

Market risk

Raiffeisen International defines market risk as the risk of possible losses arising from changes in the market due to fluctuating or changing interest rates, foreign exchange rates, share prices and prices in general. This risk category encompasses both trading book and banking book positions. Risky positions are the result either of business done for customers or result from proprietary position taking.

Organization
Market risk at Raiffeisen International is monitored and managed by RZB within the scope of a service level agreement (SLA). The rules and procedures for the management of market risks are defined by RZB on a Group-wide basis and endorsed by the Managing Board of Raiffeisen International. All network banks of Raiffeisen International have market risk management departments. Those departments are responsible for day-to-day limit monitoring and weekly reporting to RZB.

Raiffeisen International approves, measures, monitors and manages all market risks by setting a variety of limits. The overall limit is set by the Managing Board on the basis of the Group's risk-bearing capacity and income budgeting. This limit is apportioned on the basis of a coordinated proposal made by the treasury department and market risk management in the weekly market risk committee. The individual limits set at book level vary according to the different risk factors. Besides value-at-risk (VaR) limits, those limits may include volume and position limits as well as sensitivity limits (basis-point value, delta, gamma, vega) and stop-loss limits, depending on the type of transaction. All products in which open positions can be held are listed in the product catalogue. New products are added to this list only after running through the product approval process (PAP). Positions and limits are checked daily throughout the Group.

Value-at-risk is of central importance for setting limits. The value-at-risk results for 2009 are still reported based on a variance-covariance model. In this calculation the Group uses a confidence level of 99 per cent, sets the holding period to 10 days, and derives volatilities and correlations from historical market data of one business year. The accuracy and reliability of this value-at-risk approach, which is based on past market developments, is checked using appropriate backtesting.

Value-at-risk figures forecast maximum losses that will not be exceeded with a certain confidence level under normal market conditions but do not provide any specific information about the effects of exceptionally extreme market movements. To take such events into account, weekly stress tests are carried out focusing on the biggest daily market movements in the preceding five years. With stress scenarios crisis situations and major fluctuations in market parameters are simulated and their effect on the Group's current positions is computed. The results are an important input for the management of risks (especially on market risk concentrations).

Market risk in the trading book

Market risk in Raiffeisen International's trading books depends primarily on currency risk, which results from foreign-currency denominated equity investments made in foreign Group units and the corresponding hedging positions entered by the Asset Liability Management Committee. This risk has decreased significantly during the last year due to the steady decline in foreign exchange rates' volatilities.

Interest rate risk and price risks (e.g. stocks and funds) are also important, whereas commodity risk is not material at all. The table below provides value-at-risk figures (99 per cent, 10-day) by risk type for market risk in the trading book of Raiffeisen International:

€000	VaR as of 31/12/2009	Average VaR	Minimum VaR	Maximum VaR
Interest rate risk	14,794	10,220	5,120	17,975
Price risk	1,404	2,033	903	3,268
Currency risk	189,023	267,576	189,023	301,652
thereof currency risk without capital	18,213	18,573	3,891	37,267

The following table shows the market risks for the year 2008:

€000	VaR as of 31/12/2008	Average VaR	Minimum VaR	Maximum VaR
Interest rate risk	18,586	8,200	3,806	19,301
Price risk	3,020	3,863	2,690	5,486
Currency risk	258,384	112,981	38,699	258,384
thereof currency risk without capital	15,554	4,066	582	16,153

The own funds requirement for the trading book is calculated using the standardized approach as defined in Austria's solvability directive.

Foreign exchange rate risk and capital (ratio) hedges

Foreign exchange rate risk in a narrow sense denotes the risk that one suffers losses due to open foreign exchange positions. Exchange rate fluctuations affect foreign-currency denominated equity investments, expenses, and revenues. Exchange rate changes, however, also influence regulatory capital requirements of assets denominated in foreign currencies, even if they are refinanced in the same currency and thus do not create an open foreign exchange position.

Raiffeisen International holds several material participations located in countries outside of the European Monetary Union with equity denoted in the corresponding local currency. Also, a significant share of the Group's risk weighted assets is denoted in foreign currencies. Changes in foreign exchange rates thus lead to a change of consolidated capital; and they influence the Group's own funds requirement for credit risks as well.

Basically, there are two different approaches for managing foreign exchange rate risks:

- Preserve equity: With this hedging strategy an offsetting capital position is held on Group level for local equity positions. However, the necessary hedging positions cannot be executed in all currencies due to required high volume. And these hedges might be inefficient for some currencies as well, if they carry a high interest rate differential.
- Stable capital ratio: Goal of this hedging strategy is to balance core capital and risk-weighted assets in all currencies according to the target core capital ratio (i.e. reduce excess capital or deficits in relation to the risk-weighted assets for each currency) such that the core capital ratio remains stable as foreign exchange rates change.

Raiffeisen International aims at stabilizing its core capital ratio in the Group's risk management of foreign exchange rate risks. Changes in foreign exchange rates thus lead to changes in consolidated capital amounts; however, also the regulatory capital requirements for credit risks stemming from assets denoted in foreign currencies change correspondingly. This risk is managed monthly in the Group's Asset Liability Committee based on historical foreign exchange volatilities, exchange rate forecasts, and the sensitivity of the core capital ratio to changes in individual foreign exchange rates.

Market risk in the banking book

Interest rate risk in the banking book arises from different maturities and repricing schedules of Raiffeisen International's assets and the corresponding liabilities (i.e. deposits and refinancing on debt and capital markets). This risk in particular is due to different interest rate sensitivities, rate adjustments, and other optionality of expected cash flows. Interest rate risk in the banking book is material for euro and US-dollar as major currencies as well as for local currencies of network banks located in Central and Eastern Europe.

This risk is mainly hedged by a combination of on- and off-balance sheet transactions where the Group uses in particular interest rate swaps and – to a smaller extend – also interest rate forwards and interest rate options. Balance sheet management is a core task of the central treasury department and of individual network banks, which receive assistance from asset/liability management committees. They base their decisions on various interest income analyses and simulations that ensure proper interest rate sensitivity in line with expected changes in market rates and the overall risk appetite.

Interest rate risk in the banking book is not only measured in a value-at-risk framework but also managed by traditional tools for nominal and interest rate gap analysis. The following table shows the change in the present value of Raiffeisen International's banking book given a one-basis-point interest rate increase for the whole yield curve in € thousand:

Change of present value 31/12/2009	6–12 months	>1–2 years	>2–5 years	>5 years
EUR	(13.7)	25.8	(108.7)	(0.3)
USD	(5.1)	22.2	201.6	(55.1)
Others	38.0	(73.5)	(107.5)	(69.7)

Present value change of Raiffeisen International's banking book in the previous year given a simultaneous one-basis-point interest rate increase in € thousand:

Change of present value 31/12/2008	6–12 months	>1–2 years	>2–5 years	>5 years
EUR	33.1	42.3	105.3	56.5
USD	60.0	0.2	349.2	160.4
Others	29.4	36.9	48.4	18.4

Liquidity risk

Banks perform maturity transformation as an important role for international financial markets. The need for maturity transformation arises from the needs of depositors to access their funds within short notice and the diametric desire of borrowers for long-term loans. This function constantly results in positive or negative liquidity gaps for different maturities that are managed through transactions with other market participants under normal market conditions.

Liquidity management, i.e. ensuring that the Group meets is obligations at all times, is performed both centrally by Raiffeisen International and on a decentralized basis by the local banks. Cash flows are calculated and analyzed by currency on a weekly basis in an internal monitoring system. Based on this data, the Group creates liquidity balances, and analyzes whether the Group's always conforms to legal regulations on liquidity positions and the defined internal liquidity limits. Liquidity analyses also include simulations on the sensitivity of liabilities and the liquidity of assets as well as defined liquidity crises in scenario-based cash flow forecasts. All these analyses are discussed in the Group's Asset Liability Management Committee.

Short-term liquidity risk

The following table shows excess liquidity and the ratio of cash inflows plus counterbalancing capacity to cash outflows (liquidity ratio) for select maturities on a cumulative basis, taking into account balance sheet items and off-balance-sheet transactions. Based on expert opinions, statistical analyses and country specifics, this calculation also incorporates estimates on the prolongation of defined assets, the so-called sediment of customer deposits, and the liquidity counterbalancing capacity (in particular, assets that are eligible for refinancing at central banks and that can be used as collateral in repo transactions). These parameters have been updated in 2009 according to the statistical evidence collected during this year.

Maturity	2009			2008		
€000	1 week	1 month	1 year	1 week	1 month	1 year
Liquidity gap	9,024,377	10,229,915	1,607,660	11,017,694	14,326,032	12,367,631
Liquidity ratio	207%	165%	103%	247%	220%	141%

Internal limits have been established for each Group unit to limit liquidity risk. They require a positive short-term liquidity gap based on the internal liquidity model. In addition the Group maintains extensive holdings of liquid securities to ensure liquidity in various currencies and favors assets eligible in tender transactions in the lending business. In the case of a liquidity shortage in the Group, contingency plans come into force. In particular, prioritized action lists for handling liquidity shortages (also with regard to the publicity impact) exist for all major Group members.

Funding liquidity risk

Funding liquidity risk is mainly driven by changes in the risk appetite of lenders or by a rating downgrade of a bank that seeks external funding. Funding rates and supply rise and fall with credit spreads, which change due to the market- or bank-specific situation.

As a consequence, long term funding depends on restoring confidence in banks and the increased effort in collecting customer deposits. Raiffeisen International's banking activities are refinanced by combining the wholesale strengths and know-how of Raiffeisen Zentralbank as parent credit institution and the retail franchise of deposit-taking network banks and their own issuing plans. Extending and securing deposit gathering activities currently receives the main focus.

This risk is managed first of all by the Asset Liability Management Committee of Raiffeisen International. The main task is the coordination of funding plans for the year ahead and strategic funding plans for longer horizons. Moreover, Raiffeisen International coordinates the medium-term and long-term borrowing activities its subsidiaries through syndicated loans, bilateral funding agreements with banks, and financing facilities of supranational institutions. These funding sources are based on long-term business relationships.

For managing and limiting liquidity risks, the medium term targets for loan/deposit ratios (the ratio of customer loans to customer deposits) have been revised and tightened for individual network banks. The new limits incorporate planned future business volumes as well as the feasibility for increasing customer deposit in different countries. On the one hand, this initiative reduces external funding requirements. On the other hand, it also reduces the need for internal funding operations and the risk associated with such liquidity transfers.

The following table shows a breakdown of cash flows according to the contractual maturity of financial liabilities:

31/12/2009 €000	Carrying amount	Contractual cash flows	<3 months	3–12 months	1–5 years	>5 years
Non-derivative liabilities	**68,194,055**	**68,872,666**	**39,683,093**	**12,709,399**	**13,270,300**	**3,209,871**
Deposits from banks	20,110,170	19,577,262	4,032,782	5,157,533	9,347,284	1,039,663
Deposits from customers	42,578,249	43,198,192	34,615,528	6,533,424	1,860,708	188,531
Debt securities issued	2,526,651	2,763,853	382,558	881,960	1,287,110	212,225
Other liabilities	508,700	718,383	639,587	75,627	3,139	28
Subordinated capital	2,470,285	2,614,976	12,638	60,855	772,059	1,769,424
Derivative liabilities	**769,560**	**7,642,210**	**4,634,541**	**2,102,380**	**781,904**	**123,384**
Derivatives in the trading book	510,127	4,311,777	2,202,506	1,600,674	442,235	66,363
Hedging derivatives	50,026	107,399	6,992	38,592	61,957	(143)
Other derivatives	209,407	3,223,034	2,425,043	463,114	277,712	57,164
Credit derivatives	0	0	0	0	0	0

31/12/2008 €000	Carrying amount	Contractual cash flows	<3 months	3–12 months	1–5 years	>5 years
Non-derivative liabilities	**76,160,553**	**83,516,010**	**47,056,182**	**15,032,868**	**18,776,600**	**2,650,360**
Deposits from banks	26,213,164	29,113,564	7,229,421	6,962,430	13,947,698	974,015
Deposits from customers	44,205,905	47,874,345	38,510,884	7,085,415	2,084,907	193,139
Debt securities issued	3,393,383	3,781,616	575,331	910,727	1,866,544	429,014
Other liabilities	663,645	769,735	720,647	30,918	6,257	11,913
Subordinated capital	1,684,456	1,976,750	19,899	43,378	871,194	1,042,279
Derivative liabilities	**2,281,459**	**86,753,084**	**29,358,845**	**30,360,762**	**25,794,649**	**1,238,828**
Derivatives in the trading book	1,449,562	74,926,511	24,624,827	28,063,898	21,115,547	1,122,239
Hedging derivatives	50,890	304,177	16,028	166,667	96,297	25,185
Other derivatives	778,811	11,520,200	4,715,794	2,130,197	4,582,805	91,404
Credit derivatives	2,196	2,196	2,196	0	0	0

Operational risk

In line with Basel II, operational risk is defined as the risk of unexpected losses resulting from inadequate or failed internal processes, people and systems or from external events, including legal risk. In this risk category Raiffeisen International manages internal risk drivers like unauthorized activities, fraud or theft, execution and process errors, or business disruption and system failures. External factors are managed as well such as damage to physical assets or consciously conducted human fraud.

These operational risks are analyzed and managed on the basis of the Group's own historical loss data and the results of self assessments. Another management tool is the incentive system implemented in internal capital allocation. This system rewards high data quality and low expected operational risks costs of individual business units. Generally speaking, Raiffeisen International implements a centralized – decentralized system for operational risk management. In this process, a central operational risk management function defines all basic principles and minimum requirements, which are then implemented risk-specifically and risk specific in the native language of individual units of Raiffeisen International.

As with other risk types the principle of firewalling between risk management and risk controlling is also applied to operational risk in Raiffeisen International. Operational risk controlling units are mainly responsible for the implementation and refinement of methods for operational risk management in different Group units (e.g. performing self assessment, defining and monitoring of Key Risk Indicators – KRIs, etc.) and for reporting to the central operational risk controlling function. Business line managers are responsible for managing and mitigating operational risks. They decide on pro-active operational risk steering actions such as buying insurance and the use of further risk mitigating instruments.

Risk identification
An important task for controlling operational risks is identifying and evaluating risky areas which might endanger the Group's existence if a loss occurs (but where losses are highly unlikely to be realized) and also areas where losses are more likely to happen frequently (but only with a minor amount of loss).

Operational risk self-assessment is executed in a structured and Group-wide uniform manner, where all operational risk categories and business functions are assessed in a two-dimensional matrix (per business line). All Group units grade each combination of operational risk category and business function according to their estimation of the total annual loss for high probability/low impact events and low probability/high impact incidents. Low probability/high impact events are quantified by a Group-wide scenario analysis framework that includes the simulation of up to ten specific scenarios. Each entity is furthermore required to run additional scenarios depending on the individual risk profile and local specifics.

Monitoring

KRIs are measurable quantities that are used to promptly identify and mitigate operational risks. Key risk indicators are specifically tailored to all network units as well. A common catalog of key risk indicators, which is defined by the head office for internal benchmarking purposes, is mandatory for all Group members. All network units then add additional relevant KRIs and define thresholds (two levels of thresholds have to be defined as an early warning system) as most appropriate for their business.

Loss data is collected in a central database called ROCO (Raiffeisen Operational Risk Controlling) in a structured and Group-wide form according to the event type for each business line. Collecting losses stemming from operational risks is a prerequisite for implementing a statistical loss distribution model and a minimum requirement for implementing the regulatory Standardized Approach. Furthermore, loss data (and near misses) is used to create and validate operational risk scenarios and for exchange with international data pools to develop advanced operational risk management tools.

Operational risks are reported semi-annually to the Group Risk Committee.

Quantification and mitigation

Raiffeisen International currently calculates regulatory capital requirements for operational risks according to Basel II using the standardized approach (STA). After several years of implementation the Ukrainian network bank, Raiffeisen Bank Aval, applies this calculation methodology starting as of 1 January 2010 as well. As a consequence the standardized approach now is used in all major Group members.

Risk reduction in operational risks is initiated by business managers who decide on preventive actions like risk mitigation or risk transfer. These managers also define contingency plans if these scenarios would become real and nominate responsible persons or departments for initiating the defined actions if these events occur. In addition, several dedicated organizational units provide support to business units for reducing operational risks. An important role, for instance, plays fraud management in the retail segment which is dedicated to proactive monitoring and preventing fraud. Raiffeisen International also executes an extensive staff training program and has different emergency plans and back-up systems in place.

Other disclosures

(45) Derivative financial instruments

The total volume of unsettled financial instruments as of 31 December 2009 breaks down as follows:

€000	Nominal amount by maturity Up to 1 year	More than 1 year, up to 5 years	More than 5 years	Total	Fair values Positive	Negative
Total	**32,189,420**	**12,412,503**	**2,599,107**	**47,201,030**	**879,195**	**(769,560)**
Interest rate contracts	**16,387,543**	**9,738,833**	**2,537,566**	**28,663,942**	**457,125**	**(485,847)**
OTC products						
Interest rate swaps	10,506,999	9,176,583	2,537,566	22,221,148	444,300	(468,898)
Interest rate futures	5,566,874	511,278	0	6,078,152	9,849	(16,385)
Interest rate options	0	45,372	0	45,372	534	(534)
Products trading on stock exchange						
Interest rate futures	313,670	5,600	0	319,270	2,442	(30)
Foreign exchange rate contracts	**15,660,923**	**2,511,959**	**60,506**	**18,233,388**	**414,232**	**(276,141)**
OTC products						
Cross-currency interest rate swaps	2,346,544	1,799,700	60,506	4,206,750	142,420	(116,516)
Forward foreign exchange contracts	10,223,927	425,593	0	10,649,520	229,313	(111,304)
Currency options – purchased	764,235	143,293	0	907,528	36,754	0
Currency options – sold	749,436	143,373	0	892,809	0	(37,555)
Other similar currency contracts	1,518,184	0	0	1,518,184	5,404	(10,118)
Products trading on stock exchange						
Currency contracts (futures)	58,597	0	0	58,597	341	(648)
Equity/index contracts	**140,471**	**61,712**	**1,035**	**203,218**	**7,659**	**(7,558)**
OTC products						
Equity/index-based options	20,742	31,233	0	51,975	7,394	(7,278)
Other similar equity/index contracts	119,729	30,479	0	150,208	38	(136)
Products trading on stock exchange						
Equity/index futures	0	0	1,035	1,035	227	(144)
Commodities	**482**	**0**	**0**	**482**	**14**	**(14)**
Credit derivatives	**0**	**100,000**	**0**	**100,000**	**165**	**0**

The total volume of unsettled financial instruments as of 31 December 2008 breaks down as follows:

	Nominal amount by maturity				Fair values	
€000	Up to 1 year	More than 1 year, up to 5 years	More than 5 years	Total	Positive	Negative
Total	**75,708,573**	**32,334,647**	**2,771,599**	**110,814,819**	**2,360,110**	**(2,281,458)**
Interest rate contracts	**46,292,914**	**25,001,665**	**2,698,916**	**73,993,495**	**610,051**	**(704,155)**
OTC products						
Interest rate swaps	9,917,902	19,631,914	2,698,916	32,248,732	536,066	(628,649)
Interest rate futures	36,075,682	5,369,151	0	41,444,833	73,982	(71,069)
Interest rate options	0	600	0	600	3	(3)
Products trading on stock exchange						
Interest rate futures	299,330	0	0	299,330	0	(4,434)
Foreign exchange rate contracts	**29,194,494**	**7,096,086**	**72,683**	**36,363,265**	**1,719,632**	**(1,561,062)**
OTC products						
Cross-currency interest rate swaps	1,058,969	4,847,553	72,683	5,979,205	256,182	(213,936)
Forward foreign exchange contracts	19,910,362	1,263,725	0	21,174,087	1,065,006	(881,662)
Currency options – purchased	2,700,804	484,499	0	3,185,303	250,970	0
Currency options – sold	2,617,208	500,309	0	3,117,517	0	(257,154)
Other similar currency contracts	2,862,053	0	0	2,862,053	146,211	(207,213)
Products trading on stock exchange						
Currency contracts (futures)	45,098	0	0	45,098	1,263	(1,097)
Equity/index contracts	**126,711**	**29,114**	**0**	**155,825**	**20,194**	**(9,107)**
OTC products						
Equity/index-based options	91,183	29,114	0	120,297	18,527	(7,209)
Other similar equity/index contracts	22,214	0	0	22,214	9	(7)
Products trading on stock exchange						
Equity/index futures	13,314	0	0	13,314	1,658	(1,891)
Commodities	**19,454**	**0**	**0**	**19,454**	**5,031**	**(4,938)**
Credit derivatives	**75,000**	**207,782**	**0**	**282,782**	**5,202**	**(2,196)**

(46) Fair value of financial instruments not reported at fair value

Fair values different from the carrying amount are calculated for fixed-interest loans and advances to and deposits from banks or customers, if the remaining maturity is more than one year. Variable-interest loans and advances and deposits are taken into account if they have an interest rollover period of more than one year. The fair value of loans and advances is calculated by discounting future cash flows and using interest rates at which similar loans and advances with the same maturities could have been granted to customers with similar creditworthiness. Moreover, the specific credit risk and collaterals are considered for the calculation of fair values for loans and advances.

	2009			2008		
€000	Fair value	Carrying amount	Difference	Fair value	Carrying amount	Difference
Assets						
Cash reserve	4,179,572	4,179,572	0	7,129,860	7,129,860	0
Loans and advances to banks	10,306,241	10,310,101	(3,860)	10,308,502	9,038,096	1,270,406
Loans and advances to customers	49,184,889	50,514,971	(1,330,082)	56,909,867	57,902,304	(992,437)
Financial investments held-to-maturity	4,030,932	4,017,536	13,397	3,056,122	3,080,937	(24,815)
Intangible and tangible fixed assets	2,217,538	2,216,114	1,424	2,216,285	2,215,657	628
Other assets	820,276	820,276	0	985,075	985,075	0
Liabilities						
Deposits from banks	20,082,264	20,110,170	(27,906)	26,203,796	26,213,163	(9,367)
Deposits from customers	42,609,218	42,578,249	30,969	44,211,175	44,205,906	5,269
Debt securities issued	2,535,415	2,526,651	8,764	3,399,337	3,393,383	5,954
Subordinated capital	2,470,481	2,470,285	196	1,684,727	1,684,456	271
Other liabilities	504,629	504,629	0	653,073	653,073	0

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

€000	2009 Quoted market prices (Level I)	2009 Valuation techniques based on market data (Level II)	2009 Valuation techniques not based on market data (Level III)	2008 Quoted market prices (Level I)	2008 Valuation techniques based on market data (Level II)	2008 Valuation techniques not based on market data (Level III)
Trading assets	**2,635,957**	**1,351,878**	**32,934**	**2,623,449**	**1,774,070**	**214,026**
Positive fair values of derivatives[1]	85,846	768,055	3,729	1,078,688	1,052,023	212,823
Shares and other variable-yield securities	9,364	1,278	0	35,771	0	1,203
Bonds, notes and other fixed-interest securities	2,540,747	582,545	29,205	1,508,990	722,047	0
Financial assets at fair value through profit or loss	**2,338,151**	**895,371**	**5**	**1,567,802**	**471,445**	**2,842**
Shares and other variable-yield securities	40,084	157,029	5	64,275	0	2,842
Bonds, notes and other fixed-interest securities	2,298,067	738,342	0	1,503,527	471,445	0
Financial assets available-for-sale	**24,921**	**0**	**0**	**16,108**	**0**	**0**
Other interests[2]	24,921	0	0	16,108	0	0
Derivatives (hedging)	**0**	**21,565**	**0**	**16,366**	**211**	**0**
Positive fair values of derivatives from hedge accounting	0	21,565	0	16,366	211	0

[1] Including other derivatives.

[2] Includes only securities traded on the stock exchange.

Gains and losses resulting from financial instruments of the level III fair value hierarchy amounted to € 40,954 thousand (2008: € 15,502 thousand).

€000	2009 Quoted market prices (Level I)	2009 Valuation techniques based on market data (Level II)	2009 Valuation techniques not based on market data (Level III)	2008 Quoted market prices (Level I)	2008 Valuation techniques based on market data (Level II)	2008 Valuation techniques not based on market data (Level III)
Trading liabilities	**98,041**	**625,565**	**0**	**958,708**	**1,277,753**	**4,681**
Negative fair values of derivatives financial instruments[1]	93,969	625,565	0	958,708	1,267,180	4,681
Call/time deposits for trading purposes	4,072	0	0	0	10,572	0
Derivatives (hedging)	**0**	**50,026**	**0**	**49,531**	**1,358**	**0**
Negative fair values of derivatives from hedge accounting	0	50,026	0	49,531	1,358	0

[1] Including other derivatives.

(48) Contingent liabilities and commitments

€000	2009	2008
Contingent liabilities	**4,667,660**	**5,052,439**
Acceptances and endorsements	1,031	2,072
Credit guarantees	1,582,764	1,367,990
Other guarantees	2,606,104	2,808,884
Letters of credit (documentary business)	457,999	856,480
Other contingent liabilities	19,762	17,013
Commitments	**5,395,147**	**6,342,881**
Irrevocable credit lines and stand-by facilities	5,395,147	6,342,881
Up to 1 year	3,028,976	3,117,631
More than 1 year	2,366,171	3,225,250

The following table contains revocable credit lines that currently bear no credit risk:

€000	2009	2008
Revocable credit lines	**4,646,005**	**6,847,212**
Up to 1 year	1,763,424	2,814,303
More than 1 year	2,882,581	4,032,909

(49) Fiduciary business

Fiduciary business not recognized in the statement of financial position was concluded with the following volumes:

€000	2009	2008
Loans and advances to banks	8,006	4,131
Loans and advances to customers	6,512	9,900
Financial investments	157	86
Other fiduciary assets	37,109	14,182
Fiduciary assets	**51,784**	**28,299**
Deposits from banks	305	310
Deposits from customers	16,286	15,113
Other fiduciary liabilities	35,193	12,876
Fiduciary liabilities	**51,784**	**28,299**

Fees income from fiduciary business amounted to € 4,066 thousand (2008: € 8,391 thousand). Fee expenses totaled € 962 thousand (2008: € 2,487 thousand).

The following table contains the funds managed by Raiffeisen International:

€000	2009	2008
Retail investment funds	**2,906,574**	**2,448,349**
Equity-based and balanced funds	718,747	496,559
Bond-based funds	227,330	224,534
Money market funds	589,771	649,906
Other	1,370,726	1,077,350
Special funds	**188,897**	**293,435**
Property-based funds	**237,070**	**236,522**
Total	**3,332,541**	**2,978,306**

(50) Capital management and regulatory own funds

The most crucial steering instrument for Raiffeisen International is equity. Raiffeisen International is not subject to the regulatory requirements of the Austrian Banking Act, as on the one hand no banking license is drawn and on the other hand this company is integrated in the RZB-Kreditinstitutsgruppe, which is already subject to regulatory monitoring. Nevertheless, the network banks of Raiffeisen International are subject to the local regulative equity regulations.

Equity and in a broader sense own funds serve as protection against unexpected losses. In terms of an orderly business control, the role of the management of Raiffeisen International is to guarantee capital adequacy. In principle, Raiffeisen International uses basically the same steering instrument as RZB Group.

For Raiffeisen International, the main focus is on the core capital ratio. This control is monitored by the Managing Board.

Raiffeisen International uses target values for internal regulation. These incorporate all risk types, including trading book, foreign exchange, and operational risk. The local network banks are in charge of maintaining the local regulative targets, in accordance with the unit's investment management and corporate planning division.

The determination of the target values in relation to the compulsory minimum requirements needs additional control calculations. The department Risk Controlling calculates the value-at-risk in comparison with the risk taking capacity. Moreover, a balance between economic capital and the respective cover is drawn. These calculations assure that the capitalization and the capital target rate are consistent with the risk agreed to by the Group. Further details are stated in the risk report.

Raiffeisen International Bank-Holding AG, a subsidiary of *Raiffeisen Zentralbank Österreich Aktiengesellschaft*, does not have its own credit institution group as defined by the Austrian Banking Act (BWG). Therefore, it is not itself subject to the relevant regulatory requirements. However, the following figures are accounted for within the scope of RZB-Kreditinstitutsgruppe and are provided for information purposes only.

The own funds of Raiffeisen International according to the Austrian Banking Act (BWG) 1993/Amendment 2006 (Basel II) break down as follows:

€000	**2009**	**2008**
Paid-in capital	3,637,865	3,036,600
Earned capital	1,512,054	1,499,662
Minority interest	1,061,571	1,051,600
Hybrid tier 1-capital	1,150,000	500,000
Intangible fixed assets	(289,483)	(227,646)
Core capital (tier 1 capital)	**7,072,007**	**5,860,216**
Deductions from core capital	(13,059)	(13,770)
Eligible core capital (after deductions)	**7,058,948**	**5,846,446**
Additional own funds according to Section 23 (1) 5 BWG	91,001	91,001
Provision excess of internal rating approach positions	7,883	58,337
Long-term subordinated own funds	1,003,079	897,041
Additional own funds (tier 2 capital)	**1,101,963**	**1,046,379**
Deduction items: participations, securitizations	(13,059)	(12,774)
Eligible additional own funds (after deductions)	**1,088,904**	**1,033,605**
Deduction items: insurances	(964)	(996)
Tier 2 capital available to be redesignated as tier 3 capital	181,581	112,455
Total own funds	**8,328,469**	**6,991,510**
Own funds requirement	**5,116,816**	**5,766,816**
Excess own funds	3,211,653	1,224,695
Excess cover ratio	62.8%	21.2%
Core capital ratio (tier 1), credit risk	14.1%	9.7%
Core capital ratio (tier 1), total	11.0%	8.1%
Own funds ratio	13.0%	9.7%

The total own funds requirement is as follows:

€000	2009	2008
Risk-weighted assets according to Section 22 BWG	**50,089,600**	**60,387,566**
thereof 8 per cent minimum own funds for the credit risk		
according to Sections 22a to 22h BWG	4,007,168	4,831,005
Standardized approach	2,861,668	4,053,174
Internal rating approach	1,145,500	777,831
Settlement risk	17	0
Own funds requirement for position risk in bonds, equities and commodities	136,189	152,143
Own funds requirement for open currency positions	399,109	343,234
Own funds requirement for operational risk	574,333	440,434
Total own funds requirement	**5,116,816**	**5,766,816**

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

€000	2009	2008
Risk-weighted assets according to standardized approach	**35,770,850**	**50,664,675**
Central governments and central banks	2,604,738	3,927,463
Regional governments	126,675	498,400
Public administration and non-profit organizations	38,425	52,863
Multilateral development banks (MDB)	0	27,500
Banks	1,683,763	1,824,288
Corporates	17,545,988	28,438,013
Retail (including small and medium-sized entities)	11,450,513	13,585,813
Mutual funds	122,925	68,900
Securitization position	2,713	0
Other positions	2,195,110	2,241,438
Risk-weighted assets on internal rating approach	**14,318,750**	**9,722,888**
Central governments and central banks	679,911	0
Banks	1,669,613	384,250
Corporates	11,816,963	9,334,400
Equity exposures	152,263	4,238
Total	**50,089,600**	**60,387,566**

(51) Average number of staff

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

Full-time equivalents	2009	2008
Salaried employees	59,105	59,565
Wage earners	1,081	1,889
Total	**60,186**	**61,454**

Full-time equivalents	2009	2008
Central Europe	13,517	13,265
Southeastern Europe	18,282	18,261
Russia	9,351	9,654
CIS Other	18,670	20,011
Austria	361	262
Other countries	5	1
Total	**60,186**	**61,454**

(52) Expenses on severance payments and retirement benefits

€000	2009	2008
Members of the Managing Board and senior staff	1,122	466
Other employees	2,828	9,466
Total	**3,950**	**9,932**

The same regulations are in principle valid for members of the Managing Board and employees. These regulations provide a basic contribution to a pension fund from the company and an additional contribution if the employee pays own contributions of the same amount. Three Managing Board members additionally have individual retirement benefits, which are funded by reinsurances.

In the case of termination of function or employment contract and retirement, two members of the Managing Board are entitled to receive severance payments according to the Salaried Employee Act (Angestelltengesetz), two members of the Managing Board according to contractual agreements and two members of the Managing Board only according to the Company Retirement Plan Act (Betriebliches Mitarbeitervorsorgegesetz). The entitlement to receive severance payments according to the Salaried Employee Act (Angestelltengesetz) and according to contractual agreements lapses with the exemption of one member of the Managing Board in case of termination by the employee. Moreover, four members of the Managing Board are entitled by contract to receive additional severance payments.

Moreover, protection against the risk of occupational invalidity exists which is covered by a pension fund and/or by individual pension agreements secured through reinsurance. The contracts are concluded for the functional duration or limited to a maximum of five years.

(53) Relations to key management

Group relations of key management
Key management refers to the Managing Board and Supervisory Board of *Raiffeisen International Bank-Holding AG,* the parent company, and *Raiffeisen Zentralbank Österreich Aktiengesellschaft,* the majority shareholder. Relations of key management to Raiffeisen International are as follows (respective fair values):

€000	2009	2008
Sight deposits	194	581
Bonds	588	268
Shares	8,557	5,543
Time deposits	320	1,079
Other claims	0	0

The following table shows relations of close family members of key management to Raiffeisen International:

€000	2009	2008
Shares	63	31

Moreover, as of 31 December 2009 guarantees for a loan granted to a member of the Managing Board amounted to € 765 thousand (2008: € 765 thousand). There is no compensation agreed between the company and their members of the Managing Board and Supervisory Board in the case of a takeover bid.

Remuneration of members of the Managing Board
The members of the Managing Board of *Raiffeisen International Bank-Holding AG* are remunerated as follows:

€000	2009	2008
Fixed and performance-based remunerations	4,610	5,544
Payments to pension funds and business insurances	97	79
Share-based payments (performance-based)	267	3,676
Total	**4,974**	**9,299**

The table contains fixed remuneration, performance-based remuneration, remuneration for membership of boards of affiliated subsidiaries, bonuses, and payments in kind. In the financial year 2009, the share of performance-based remuneration components of the remuneration of members of the Managing Board was 5.5 per cent (2008: 60.7 per cent).

The Chairman of the Managing Board is furthermore still working for the board of Raiffeisen Zentralbank. Remuneration stated in the above table also covers this position.

Performance-based remuneration components of the Managing Board consist usually of bonus payments which are linked to achieve the objectives regarding profit after tax, return on risk adjusted capital, cost/income ratio and to achieve the personal objectives that are agreed annually and of the amount of the allotment regarding SIP program (see page 168 share-based remuneration). For the year 2008, all members of the Managing Board waived the right for bonus payments. The value of the distributed shares in 2009 amounts to 100 per cent (2008: 65.7 per cent) of the performance-based remuneration. There were no material changes in principle for profit sharing against the previous year.

In 2006, bonus payments totaling € 4,750 thousand in connection with acquisitions were agreed. Although the targets of the subsidiaries for the financial years 2006 until 2008 were achieved and the bonus payments became due in 2009, the members of the Managing Board renounced any claim to bonus payments.

Remuneration of members of the Supervisory Board
The Annual General Meeting held on 9 June 2009 decided an annual remuneration for the members of the Supervisory Board of € 305 thousand and transferred the distribution to the Board itself. The members of the Supervisory Board settled the distribution in their meeting of 9 June 2009 as follows: Chairman € 70 thousand, Deputy-Chairman € 60 thousand, members of the Supervisory Board € 50 thousand. Session fees were not paid. It has to be mentioned, that Johann Strobl as member of the Supervisory Board received € 25 thousand instead of € 50 thousand as he was member of the Supervisory Board for only half of the year 2008.

In the financial year 2009, € 305 thousand was paid to the Supervisory Board. In the previous year, the members of the Supervisory Board received remuneration of € 330 thousand.

Moreover, no contracts subject to approval in the meaning of Section 95 (5) items 12 Austrian Joint Stock Companies Act (AktG) were concluded with members of the Supervisory Board in the financial year 2009.

(54) Boards

Managing Board

	First assignment	End of period
Herbert Stepic, CEO	14 June 2001	13 June 2011
Martin Grüll	3 January 2005	1 January 2015
Aris Bogdaneris	1 October 2004	25 September 2014
Rainer Franz	20 January 2003	30 June 2010
Peter Lennkh	1 October 2004	25 September 2014
Heinz Wiedner	14 June 2001	13 June 2011

The members of the Managing Board have mandates in the Supervisory Board or similar functions in companies at home and abroad which are not included in the consolidated group:

- Herbert Stepic: *OMV AG, Österreichische Kontrollbank AG, Raiffeisen Centrobank AG*

Individuals older than 68 years of age are not eligible to be elected as a member of the Managing Board and may not be appointed for another functional period.

Supervisory Board

	First assignment	End of period
Walter Rothensteiner, Chairman	11 May 2001	AGM 2011
Manfred Url, Deputy Chairman	11 May 2001	AGM 2011
Karl Sevelda	11 May 2001	AGM 2011
Patrick Butler	28 September 2004	AGM 2013
Steward D. Gager	24 January 2005	AGM 2013
Johann Strobl	10 June 2008	AGM 2013
Kurt Geiger	9 June 2009	AGM 2013

The members of the Supervisory Board have further mandates in the Supervisory Board or similar functions in quoted companies at home and abroad:

- Walter Rothensteiner: *UNIQA Versicherungen AG*
- Karl Sevelda: *Bene AG*
- Kurt Geiger: *Raiffeisen Bank Aval JSC*

All members of the Supervisory Board declare themselves to be independent in the meaning of criteria of independence agreed by the Supervisory Board and in conformity with the Austrian Corporate Governance Codex. None of the members hold more than a 10 per cent share in the company.

Raiffeisen Zentralbank Österreich Aktiengesellschaft is entitled to send up to one third of the members of the Supervisory Board, insofar as it has a shareholding in Raiffeisen International. Individuals older than 75 years of age are not eligible to be elected as a member of the Supervisory Board and may not be appointed for another functional period. In addition, individuals having more than 8 mandates in Supervisory Boards of quoted companies may not be elected. The chairmanship in the Supervisory Board of a quoted company is counted twice.

Committees of the Supervisory Board

Members of the Supervisory Board	Working Committee	Audit Committee	Personnel Committee
Walter Rothensteiner	Chairman	Chairman	Chairman
Manfred Url	Deputy Chairman	Deputy Chairman	Deputy Chairman
Johann Strobl	–	Member	–

(55) Subsequent events

On 22 February 2010, Raiffeisen International published an ad-hoc release informing that *Raiffeisen International Bank-Holding AG* and *Raiffeisen Zentralbank Österreich AG* are currently taking a closer look at a possible merger as one of several possible strategic options. At the date of compilation, no official decisions have been made to implement any of these strategic options.

(56) List of fully consolidated companies

The following table shows a selection of operating companies of Raiffeisen International's consolidated group. The complete list of the equity participations of *Raiffeisen International Bank-Holding AG* is deposited with the Group parent's headquarters.

Company, domicile (country)	Subscribed capital in local currency		Share	Type[1]
JLLC Raiffeisen-leasing, Minsk (BY)	4,300,250,000	BYR	83.9%	FI
OOO Raiffeisen Capital Asset-Management Company, Moscow (RU)	225,000,000	RUB	100.0%	FI
OOO Raiffeisen-Leasing, Moscow (RU)	1,071,000,000	RUB	87.5%	FI
Priorbank JSC, Minsk (BY)	412,279,277,350	BYR	87.7%	BA
Raiffeisen Bank Aval JSC, Kiev (UA)	3,002,774,908	UAH	96.2%	BA
Raiffeisen Bank d.d. Bosna i Hercegovina, Sarajevo (BA)	237,388,000	BAM	97.0%	BA
Raiffeisen Bank Kosovo J.S.C., Pristina (RS)	58,000,000	EUR	100.0%	BA
Raiffeisen Bank Polska S.A., Warsaw (PL)	1,168,928,550	PLN	100.0%	BA
Raiffeisen Bank S.A., Bucharest (RO)	1,196,258,639	RON	99.5%	BA
Raiffeisen Bank Sh.a., Tirane (AL)	4,348,232,686	ALL	100.0%	BA
Raiffeisen Bank Zrt., Budapest (HU)	45,129,140,000	HUF	70.3%	BA
Raiffeisen banka a.d., Belgrade (RS)	27,466,157,580	RSD	100.0%	BA
Raiffeisen Banka d.d., Maribor (SI)	16,355,847	EUR	86.3%	BA
Raiffeisen Capital & Investment S.A., Bucharest (RO)	1,600,000	RON	99.5%	FI
Raiffeisen Factoring Ltd., Sofia (BG)	1,000,000	BGN	100.0%	FI
Raiffeisen Factoring Ltd., Zagreb (HR)	15,000,000	HRK	73.6%	FI
Raiffeisen International Direct Bank AG, Vienna (AT)	5,000,000	EUR	100.0%	BA
Raiffeisen Invest d.o.o., Zagreb (HR)	8,000,000	HRK	73.6%	FI
Raiffeisen Investment Fund Management Zrt., Budapest (HU)	100,000,000	HUF	70.3%	FI
Raiffeisen Leasing Aval LLC, Kiev (UA)	58,208,527	UAH	87.7%	FI
Raiffeisen Leasing Bulgaria OOD, Sofia (BG)	5,900,000	BGN	81.1%	FI
Raiffeisen Leasing d.o.o., Belgrade (RS)	226,544,550	RSD	87.5%	FI
Raiffeisen Leasing d.o.o., Ljubljana (SI)	3,738,107	EUR	75.0%	FI
Raiffeisen Leasing d.o.o., Sarajevo (BA)	16,679,353	BAM	85.8%	FI
Raiffeisen Leasing IFN S.A., Bucharest (RO)	14,935,400	RON	87.2%	FI
Raiffeisen Leasing Kosovo LLC, Pristina (RS)	642,857	EUR	92.5%	FI
Raiffeisen-Leasing Real Estate, s.r.o., Prague (CZ)	10,000,000	CZK	69.0%	FI
Raiffeisen Leasing sh.a., Tirane (AL)	123,000,000	ALL	93.8%	FI
Raiffeisen Lízing Zrt., Budapest (HU)	226,620,000	HUF	72.7%	BA
Raiffeisen Mandatory Pension Fund Management Company d.d., Zagreb (HR)	110,000,000	HRK	73.6%	FI

[1] Company type: BA…Bank, BR…Company rendering banking-related ancillary services, FI…Financial institution

Company, domicile (country)	Subscribed capital in local currency		Share	Type[1]
Raiffeisenbank (Bulgaria) EAD, Sofia (BG)	603,447,952	BGN	100.0%	BA
Raiffeisenbank a.s., Prague (CZ)	6,564,000,000	CZK	51.0%	BA
Raiffeisenbank Austria d.d., Zagreb (HR)	3,698,932,000	HRK	73.6%	BA
Raiffeisen-Leasing d.o.o., Zagreb (HR)	30,000,000	HRK	74.3%	FI
Raiffeisen-Leasing Polska S.A., Warsaw (PL)	150,003,800	PLN	87.5%	FI
Raiffeisen-Leasing, spolecnost s.r.o., Prague (CZ)	50,000,000	CZK	63.0%	FI
Regional Card Processing Center s.r.o., Bratislava (SK)	539,465	EUR	100.0%	BR
RI Eastern European Finance B.V., Amsterdam (NL)	400,000	EUR	100.0%	FI
RI FINANCE (JERSEY) PCC, St. Helier (JE)	2	EUR	100.0%	FI
Tatra Asset Management sprav.spol., a.s., Bratislava (SK)	1,659,696	EUR	65.7%	FI
Tatra banka a.s., Bratislava (SK)	54,554,928	EUR	65.7%	BA
Tatra Leasing spol. s r.o., Bratislava (SK)	200,000,000	SKK	70.6%	FI
TOO Raiffeisen Leasing Kazakhstan, Almaty (KZ)	85,800,000	KZT	75.0%	FI
Ukrainian Processing Center, JSC, Kiev (UA)	180,000	UAH	100.0%	BR
ZAO Raiffeisenbank, Moscow (RU)	36,711,260,000	RUB	100.0%	BA

[1] Company type: BA…Bank, BR…Company rendering banking-related ancillary services, FI…Finacial institution

(57) List of equity participations

The following tables show a selection of equity participations. The complete list of the equity participations of *Raiffeisen International Bank-Holding AG* is deposited with the Group parent's headquarters.

Companies valued at equity

Company, domicile (country)	Subscribed capital in local currency		Share	Indirectly held[1]	Type[2]
Raiffeisen Banca pentru Locuinte S.A., Bucharest (RO)	131,074,560	RON	33.3%		BA

Other non-consolidated subsidiaries and equity participations

Company, domicile (country)	Subscribed capital in local currency		Share	Indirectly held[1]	Type[2]
Asset Management Company Raiffeisen Aval, Kiev (UA)	8,000,000	UAH	100.0%		FI
Centralised Raiffeisen International Services & Payments S.R.L., Bucharest (RO)	6,800,000	RON	100.0%		BR
Czech Real Estate Fund (CREF) B.V., Amsterdam (NL)	18,000	EUR	20.0%		FI
Doplnková dôchodková spoločnosť Tatra banky, a.s., Bratislava (SK)	1,659,700	EUR	100.0%		FI
ELIOT, s. r. o., Bratislava (SK)	48,610,000	SKK	100.0%		BR
Raiffeisen Asset Management (Bulgaria) EAD, Sofia (BG)	250,000	BGN	100.0%		FI
Raiffeisen BROKERS doo, Sarajevo (BA)	1,000,000	BAM	100.0%		FI
Raiffeisen consulting d.o.o., Zagreb (HR)	14,900,000	HRK	100.0%		FI
Raiffeisen Financial Services Polska Sp. z o.o., Warsaw (PL)	3,847,500	PLN	100.0%		FI
RAIFFEISEN FUTURE AD, Belgrade (RS)	126,274,549	RSD	100.0%		FI
Raiffeisen Invest a.d., Belgrade (RS)	49,619,222	RSD	100.0%		FI
Raiffeisen Non-Government Pension Fund, Moscow (RU)	313,000,000	RUB	100.0%		FI
Raiffeisen Pension Insurance d.o.o., Zagreb (HR)	14,400,000	HRK	100.0%		FI
Raiffeisen Pensions Sh.A., Tirane (AL)	109,648,000	ALL	100.0%		FI
RAIFFEISEN SERVICES EOOD, Sofia (BG)	3,000,000	BGN	100.0%		BR
Raiffeisen Services SRL, Bucharest (RO)	30,000	RON	100.0%		FI
RAIFFEISEN TRAINING CENTER LTD., Zagreb (HR)	20,000	HRK	80.0%	20.0%	BR
Raiffeisen Voluntary Pension Fund Management d.o.o., Zagreb (HR)	33,445,300	HRK	100.0%		FI
S.A.I. Raiffeisen Asset Management S.A., Bucharest (RO)	10,656,000	RON	100.0%		FI
TATRA Residence, s.r.o., Bratislava (SK)	831,608	EUR	100.0%	100.0%	BR
CREDEX FINANTARI IFN SA, Bucharest (RO)	15,112,500	RON	30.0%		FI
Fondul de Garantare a Creditului Rural S.A., Bucharest (RO)	2,914,750	RON	33.3%		FI

[1] Equity participations held via companies that are not included in the consolidated financial statements (pro-rata share)

[2] Company type: BA…Bank, BR…Company rendering banking-related ancillary services, FI…Financial institution

Vienna, 26 February 2010

The Managing Board

Herbert Stepic	Martin Grüll	Aris Bogdaneris
Rainer Franz	Peter Lennkh	Heinz Wiedner

Auditor's report

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of *Raiffeisen International Bank-Holding AG*, Vienna, for the year from 1 January 2009 to 31 December 2009. These consolidated financial statements comprise the consolidated balance sheet as of 31 December 2009, the consolidated statement of comprehensive income, the consolidated statement of cash flows and the consolidated statement of changes in equity for the year ended 31 December 2009 and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Consolidated Financial Statements and for the Accounting System

The Company's management is responsible for the group accounting system and for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility and Description of Type and Scope of the Statutory Audit

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with laws and regulations applicable in Austria and in accordance with International Standards on Auditing, issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC). Those standards require that we comply with professional guidelines and that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Group's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

Our audit did not give rise to any objections. In our opinion, which is based on the results of our audit, the consolidated financial statements comply with legal requirements and give a true and fair view of the financial position of the Group as of 31 December 2009 and of its financial performance and its cash flows for the year from 1 January to 31 December 2009 in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU.

Report on the Management Report for the Group

Pursuant to statutory provisions, the management report for the Group is to be audited as to whether it is consistent with the consolidated financial statements and as to whether the other disclosures are not misleading with respect to the Company's position. The auditor's report also has to contain a statement as to whether the management report for the Group is consistent with the consolidated financial statements and whether the disclosures pursuant to Section 243a UGB (Austrian Commercial Code) are appropriate.

In our opinion, the management report for the Group is consistent with the consolidated financial statements. The disclosures pursuant to Section 243a UGB (Austrian Commercial Code) are appropriate.

Vienna, 1 March 2010

KPMG Austria GmbH
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

Wilhelm Kovsca
Wirtschaftsprüfer

Bernhard Mechtler
Wirtschaftsprüfer

Statement of the Managing Board

We confirm to the best of our knowledge that the 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 group management report gives a true and fair view of the development and performance of the business and the position of the group, together with a description of the principal risks and uncertainties the Group faces.

Vienna, 26 February 2010

The Managing Board

Herbert Stepic	Martin Grüll	Aris Bogdaneris
Rainer Franz	Peter Lennkh	Heinz Wiedner

Glossary

Affiliated companies – Entity over which the investor has control (i.e. power to govern the financial and operating policies).

Affluent banking – Support for wealthy customers that includes additional and above all more individually tailored products in comparison to the customary support for private customers.

Associated companies – Entity over which the investor has significant influence.

Back testing – The backward comparison of VaR figures with actual results to test the quality of a model.

Badwill – Any remaining excess of the acquirer's interest in the fair values of the identifiable assets and liabilities acquired over the cost of the acquisition as at the date of the exchange transaction.

Basel II – The body of capital adequacy regulations proposed in recent years by the "Basel Committee," an international forum dedicated to improving bank supervision. According to EU Directives 2006/48/EC and 2006/49/EC, the regulations must be applied in the member states of the European Union from 1 January 2007 onwards to all banks and financial service institutions. As in the case of the Basel I Accord, the goal is to ensure that banks have adequate capital resources and that uniform competitive conditions are created for both lending and credit trading. The main objective of the changes made by Basel II compared with Basel I is to orient capital adequacy requirements prescribed by government more strongly to actual risk and hence approximate the capital requirements internally ascertained by banks.

BWG – Austrian Banking Act.

CAGR – Compound Annual Growth Rate is the average increase of a figure.

Cash flow – Inflows and outflows of cash and cash equivalents.

Cash flow hedge – Protection against the risk of variability in projected cash flows, resulting either from risk associated with a recognized asset or liability or risk associated with a forecasted transaction. Whereas the effective portion of the hedge relating to changes in value of the hedging instruments can be directly recognized in equity, the ineffective portion has a direct effect on profit and loss.

CE – Central Europe. For Raiffeisen International it is defined as Hungary, Poland, Slovakia, Slovenia, and the Czech Republic.

CEE – Central and Eastern Europe.

CIS – Commonwealth of Independent States, consisting predominantly of territories of the former Soviet Union.

Clean price – Price of a financial instrument without accrued interest.

Consolidated ROE – Return on Consolidated Equity, i.e. the equity attributable to the shareholder of Raiffeisen International. It is calculated by consolidated profit in relation to average balance sheet equity (without minority interests). Average equity is based on month-end figures and does not include current year profit.

Country risk – This comprises transfer and convertibility risk and political risk.

Core capital – So called tier I, involves regulatory core capital as defined in Section 23 BWG.

Core capital ratio – This ratio's numerator is core capital (tier 1) and its denominator are the risk-weighted assets of credit risk.

Cost/income ratio – Indicator of an enterprise's cost efficiency based on the ratio of expenses to earnings. It is calculated by comparing general administrative expenses (comprising staff expenses and other administrative expenses and depreciation on intangible and tangible fixed assets) with operating income (net interest income, net commission income, trading profit/loss and other operating profit/loss).

Credit derivatives – Instruments designed to transfer credit risk arising from loans, bonds and other risk assets or market risk items to another party.

Credit exposure – Comprises all on-balance sheet exposures (loans, debt securities) and off-balance-sheet exposures (guarantees, commitments) that expose Raiffeisen International to credit risk.

Credit risk – The risk of loss due to a debtor's non-payment of a loan or other line of credit.

Credit spread (or simply "spread") – Difference in yield between top-rated bonds (usually government bonds) and bonds with the same residual maturity but lower issuer quality.

Cross selling – Marketing strategy in which additional products and services are actively offered to existing customers.

DBO – Defined benefit obligation, i.e. the present value, without deducting any plan assets, of expected future payments required to settle the obligation resulting from employee service in the current and prior periods.

Default risk – Risk that counterparties in a financial transaction will not be able to fulfil an obligation, causing the other party a financial loss.

Deferred tax assets – The amounts of income taxes recoverable in future periods in respect of deductible temporary differences, the carry forward of unused tax losses, and the carry forward of unused tax credits.

Deferred tax liabilities – The amounts of income taxes payable in future periods in respect of taxable temporary differences.

Derivatives – Financial instruments whose value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, a credit rating or credit index, or other variable, that requires no initial net investment or small initial net investment and that is settled at a future date.

Dirty price – Price of a financial instrument including accrued interest.

Earnings per share (EPS) – Profit attributable to ordinary equity holder (profit adjusted by dividends to preference shareholders) divided by the weighted average number of ordinary shares outstanding during the period.

EBRD (European Bank for Reconstruction and Development) – An institution that promotes the transition to an open market economy and to private and entrepreneurial action in the countries of Central and Eastern Europe. Through its investments, it supports activity of the private sector and strengthens financial institutions, legal systems, and development of infrastructure needed by the private sector.

EMTN (Euro Medium Term Notes) Program – Framework agreement between companies and bond traders who make it possible for the companies to issue medium-term securities in the European capital market for the purpose of flexibly procuring outside capital.

Excess cover ratio – Relation of excess own funds to total own funds requirement.

Fair value – The amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Fair Value Level I – (is quoted on an active market). The fair value is measured through a market price, if available.

Fair Value Level II – (evaluation method through observable parameters). When current bid and asking prices are unavailable, the price of the most recent transaction provides evidence of the current fair value as long as there has not been a significant change in economic circumstances since the time of the transaction. (Used methods: cash method and option pricing models)

Fair Value Level III – (evaluation method through non-observable parameters). If observable parameters are not available; the fair value will be measured through valuation methods appropriate for the financial instrument.

Fiduciary business – Transactions which are carried out by a trustee, often banks, on own name but on account of the beneficiary.

Finance lease – A lease that transfers substantially all the risks and rewards incidental to ownership of an asset.

Funding – All means used by banks for the purpose of refinancing.

Futures – Standardized forward contracts traded on a stock exchange under which a commodity traded in a money, capital, precious metal or currency market is to be delivered or accepted at a price fixed in an exchange environment.

Goodwill – Any excess of the cost of the acquisition over the acquirer's interest in the fair value of the identifiable assets and liabilities acquired as at the date of the exchange transaction.

Gross investment value – The aggregate of minimum lease payments receivable by the lessor under a finance lease and any unguaranteed residual value accruing to the lessor.

Hedging – Designating one or more hedging instruments so that their change in fair value is an offset, in whole or in part, to the change in fair value or cash flows of a hedged item.

Held-for-trading – Securities held for trading purposes to take advantage of short-term market fluctuations.

Held-to-maturity – Financial assets with fixed or determinable payments and fixed maturity that an entity has the positive intention and ability to hold to maturity.

HGB/UGB – (Austrian) Commercial Code.

IFC (International Finance Corporation) – An institution of the World Bank that supports the establishment and strengthening of the private sector in developing countries by means of investments and advisory service.

IFRIC, SIC – International Financial Reporting Interpretations Committee – Interpreter of the International Financial Reporting Standards, formerly also SIC (Standing Interpretations Committee).

IFRS, IAS – The International Financial Reporting Standards or International Accounting Standards are reporting standards published by the IASB (International Accounting Standards Board) with the goal of achieving transparent and comparable accounting on an international basis.

Interest margin – Net interest income in relation to average balance sheet total.

Investment property – Property (land or buildings – or part of buildings – or both) which are held to earn rentals or for capital appreciation or both.

IPO – Initial public offering.

IRB (Internal Ratings-Based approach) – Method of evaluating the capital backing of credit risks in accordance with Basel II. By using the IRB approach, the capital backing is determined according to internal credit ratings. In the process, features specific to the borrower and the loan are taken into account. The ratings must be made by an independent source.

Liquidity risk – Risk that the bank could be unable to meet its current and future financial obligations in full or in good time. This arises from the danger that, e.g. refinancing can only be obtained at very disadvantageous terms or is entirely impossible.

Loss rate – Usage of previously allocated loan loss provisions plus direct write-downs and income received on written-down claims divided by total credit exposure.

Market capitalization – The number of issued shares multiplied by the share price.

Market risk – The risk that the value of a financial instrument will fluctuate because of changes in market prices whether those changes are caused by factors specific to the individual security or its issuer or factors affecting all securities traded in the market.

Net provisioning ratio (average risk-weighted assets credit risk) – Risk valuation ratio. Is calculated by provisioning for impairment losses divided by average credit risk-weighted assets.

Net provisioning ratio (total credit exposure) – Risk valuation ratio. Is calculated by provisioning for impairment losses divided by the total credit exposure.

Operating leasing – Lease under which commercial and legal ownership remains with the lessor with the effect that the lessor must show the asset on its statement of financial position.

Operating profit/loss – In IFRS-compliant financial statements, it consists of operating income net of general administrative expenses. Operating income comprises net interest income, net commission income, trading profit/loss and other operating profit/loss. General administrative expenses comprise staff expenses and other administrative expenses and depreciation on intangible and tangible fixed assets.

Operational risk – Risk of unexpected losses resulting from inadequate or failed internal processes, people and systems or from external events, including legal risk.

Options – Instruments that give the holder the right to purchase the underlying from a contracting party at an agreed price and at an agreed time or within an agreed period (call option) or to sell the underlying to a contracting party at an agreed price and at an agreed time or within an agreed period (put option).

OTC instruments – Financial instruments that are neither standardized nor traded on a stock exchange. They are traded directly between market participants "over-the-counter".

Own funds according to BWG – Consist of core capital (tier 1), additional and subordinated capital (tier 2) and short-term subordinated capital and rededicated tier 2 capital (tier 3).

Own funds ratio – The ratio's numerator is own funds within the meaning of the Austrian Banking Act (BWG) and its denominator is the own funds requirement multiplied by 12.5.

Own funds requirement according to BWG – Defined in Section 22 BWG and involves the requirement for the credit risk, for position risk in bonds, equities and commodities and foreign currency and for the operational risk.

Own shares – Repurchased equity instruments (shares) held by the issuing entity itself or by its subsidiaries.

Plan assets – Assets held by a long-term employment benefit fund.

Portfolio-based loan loss provisions – Impairment provisions for portfolios of loans with identical risk profiles that may be compiled under certain conditions.

Portfolio rate – Total provisions for impairment losses divided by total credit exposure.

Projected unit credit method – An actuarial valuation method defined by IAS 19 that sees each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation (sometimes known as the accrued benefit method pro-rated on service or as the benefit/years of service method).

Quarter-on-quarter – compared to the quarter which precedes the quarter under consideration; for example, the third quarter of 2010 in comparison to the second quarter of 2010.

Raiffeisen International – The Group of Raiffeisen International Bank-Holding AG.

Repurchase agreement – During a genuine repurchase transaction (repo), the enterprise sells assets to a counterparty and concurrently agrees to reacquire the assets at an agreed time and at an agreed price.

Risk-weighted assets (incl. market risk) – Comprises the basis of assessment within the meaning of Section 22 of the Austrian Banking Act (BWG) plus 12.5 times the own funds required as cover for the trading book and open currency positions.

Risk-weighted assets (credit risk) – This is the sum of the weighted accounts receivable and includes receivables in the form of asset items, off-balance-sheet items according to annex 1 of Section 22 and derivatives according to Annex 2 of Section 22 BWG.

Risk/earnings ratio – Risk valuation ratio. Is calculated by provisioning for impairment losses divided by net interest income.

ROE (return on equity) – Return on the total equity including minority interests, i.e. profit before tax respectively after tax in relation to weighted average balance sheet equity. Average equity is calculated on month-end figures and does not include current year profit.

RZB – Raiffeisen Zentralbank Österreich AG Group.

RZB-Kreditinstitutsgruppe – Pursuant to Section 30 of the Austrian Banking Act (BWG), RZB-Kreditinstitutsgruppe is made up of all banks, financial institutions, securities companies and companies rendering banking-related services in which RZB holds direct or indirect interests or has control as a superordinate institution.

Scorecard – A statistical tool in risk management for estimating risk parameters, typically used to determine probability of default or the loss-given-default ratio.

Securitization – Special type of refinancing and the packaging of designated portfolios of loans or leasing claims with an appropriate level of credit enhancement and the redistribution of these portfolios to investors.

Segment reporting – Disclosure of earnings and asset data for geographical segments.

SEPA – Single European Payments Area. This is a project to create a European-wide standardized payment area. In this payment area there is no distinction between cross-border and national payments for customers anymore.

Share-based remuneration – Performance-based allotments of company shares for eligible employees for a given period of time.

Splitting – A procedure that is particularly common in U.S. investment banking where equities that have become very highly priced are split into two or more shares or share certificates.

SPO – Secondary public offering; capital increase.

Statement of cash flows – Statement of cash flows during the financial year arising from operating activities, investing activities and financing activities and a reconciliation of cash and cash-equivalents held at the beginning and the end of the financial year.

Stress tests – Stress tests endeavor to simulate extreme fluctuations in market parameters. They are used because such fluctuations are usually inadequately captured by VaR models (VaR forecasts maximum losses under normal market conditions).

Subprime loans – Mortgage loans given to borrowers who do not qualify for the prime market interest rate due to their low credit-worthiness. Subprime loans are characterized by a relatively high risk of loss.

Swap – Exchange of interest obligations (interest swap) and/or currency positions (currency swap).

Tax rate – Relation of income taxes to profit before tax.

Total shareholder return – is a ratio illustrating the development of a share investment over a period considering the dividends and changes in share price.

Trading book – Bank regulators' term for assets held by a bank for short-term resale to exploit fluctuations in prices and interest rates.

VaR – Value at risk expresses the potential loss that will, with a 99 per cent probability, not be exceeded within the period for which an asset is held in the portfolio in question.

Wholesale funding – Refinancing of banks by way of external sources, i.e., not through their own funds or customer deposits.

Year-on-year – compared to the point in time, or the time period, which occurs one year before the point in time, or the time period, under consideration; for example, the first half year of 2010 in comparison to the first half year of 2009, or 30 June 2010 in comparison to 30 June 2009.

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You will find the online version of the annual report at http://ar2009.ri.co.at.
The original German version of the report is available at http://gb2009.ri.co.at.

The forecasts, plans, and statements addressing the future are based on knowledge and assumptions of Raiffeisen International at the time at which they are drawn up. Like all statements addressing the future, they are exposed to risks and uncertainty factors that may lead to considerable deviations in the result. No guarantees can therefore be provided that the forecasts and targeted values, or the statements addressing the future, will actually materialize. We have exercised utmost diligence in the preparation of this annual report and checked the data contained therein. However, rounding, transmission, printing, and typographical errors cannot be ruled out. The present English version is a translation of the report that the company originally prepared in German. The company only recognizes the German version as the authentic version.

To make for easier reading all references to people are made using the masculine form: the feminine form is to be understood to be included in this.

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Notes

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