Raiffeisen Bank International

First Quarter Report 2019

Survey of key data

Raiffeisen Bank International (RBI)

Monetary values in € million	2019	2018	Change
Income statement	**1/1-31/3**	**1/1-31/3**	
Net interest income	825	829	(0.5)%
Net fee and commission income	402	410	(2.0)%
Net trading income and fair value result	(52)	(1)	>500.0%
General administrative expenses	(724)	(740)	(2.1)%
Impairment losses on financial assets	(9)	83	-
Profit/loss before tax	340	529	(35.7)%
Profit/loss after tax	259	430	(39.8)%
Consolidated profit/loss	226	399	(43.4)%
Statement of financial position	**31/3**	**31/12**	
Loans to banks	9,236	9,998	(7.6)%
Loans to customers	85,528	80,866	5.8%
Deposits from banks	26,885	23,980	12.1%
Deposits from customers	88,741	87,038	2.0%
Equity	12,837	12,413	3.4%
Total assets	146,413	140,115	4.5%
Key ratios	**1/1-31/3**	**1/1-31/3**	
Return on equity before tax	10.9%	19.4%	(8.4) PP
Return on equity after tax	8.3%	15.8%	(7.5) PP
Consolidated return on equity	7.9%	16.6%	(8.7) PP
Cost/income ratio	60.9%	57.3%	3.6 PP
Return on assets before tax	0.94%	2.01%	(1.07) PP
Net interest margin (average interest-bearing assets)	2.43%	2.49%	(0.07) PP
Provisioning ratio (average loans to customers)	0.04%	(0.43)%	0.47 PP
Bank-specific information	**31/3**	**31/12**	
NPE ratio	2.5%	2.6%	(0.1) PP
NPE coverage ratio	58.4%	58.3%	0.1 PP
Risk-weighted assets (total RWA)	74,218	72,672	2.1%
Common equity tier 1 ratio (fully loaded)	13.4%	13.4%	0.1 PP
Tier 1 ratio (fully loaded)	14.9%	14.9%	0.0 PP
Total capital ratio (fully loaded)	18.0%	18.2%	(0.1) PP
Stock data	**1/1-31/3**	**1/1-31/3**	
Earnings per share in €	0.64	1.17	(45.4)%
Closing price in € (31/3)	20.01	31.59	(36.7)%
High (closing prices) in €	24.31	35.32	(31.2)%
Low (closing prices) in €	18.69	29.98	(37.7)%
Number of shares in million (31/3)	328.94	328.94	0.0%
Market capitalization in € million (31/3)	6,582	10,391	(36.7)%
Resources	**31/3**	**31/12**	
Employees as at reporting date (full-time equivalents)	47,264	47,079	0.4%
Business outlets	2,153	2,159	(0.3)%
Customers in million	16.3	16.1	1.8%

Content

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

Adding and subtracting rounded amounts in tables and charts may lead to minor discrepancies. Changes in tables are not based on rounded amounts.

RBI in the capital markets

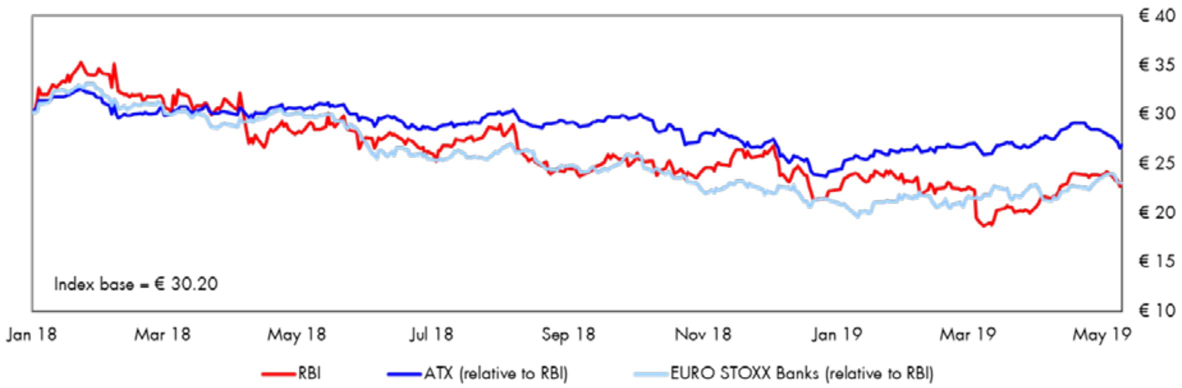
Performance of RBI stock

Following the heavy losses in the global stock markets in the fourth quarter of 2018, sentiment improved at the turn of the year, with markets recovering again in the first three months of 2019. Indications of a possible agreement in the trade dispute between the US and China sparked renewed market optimism. In contrast, the protracted voting and the struggle in the UK House of Commons over a solution to Brexit had little further impact on prices. The markets similarly showed little reaction to the signs of a global economic slowdown. Instead, news from the US central bank of a pause in further interest rate hikes brightened sentiment among equity investors which also prompted significant price rises on the bond markets.

Despite the publication of a record result for the 2018 financial year, RBI's stock declined 10 per cent in the first quarter and closed trading at € 20.01 on 31 March 2019. The EURO STOXX Banks index rose 7 per cent during the same period, and the Austrian Traded Index (ATX) was up 11 per cent. RBI's weaker stock price performance was largely attributable to press reports at the start of March concerning the possible involvement in transactions allegedly connected to money laundering. In the past, some of these allegations were already subject to intensive investigations at RBI, internal and on the part of the regulatory authorities. RBI has repeatedly confirmed that it complies with all anti-money laundering requirements. The compliance systems and processes have been and continue to be reviewed, including by external parties, on multiple occasions and on a regular basis, and are confirmed to comply with legal requirements.

From the end of the first quarter up to the editorial deadline of this report on 10 May, RBI's stock gained 16 per cent.

Price performance since 1 January 2018 compared to ATX and EURO STOXX Banks



Active capital market communications

On 6 February 2019, RBI published its preliminary figures for the 2018 financial year. To mark the release of the final full-year results for the 2018 financial year on 13 March, RBI's Management Board met with investors in Vienna and also held a conference call with over 170 participants. On the following day, RBI invited institutional investors and analysts to its investor presentation in London. As in previous years, the event, which takes place on the day following the publication of the full-year results, was met with keen interest. A key focus of this year's investor day was RBI's digitalization strategy. The conference calls and investor presentation in London are available online at www.rbinternational.com → Investors → Presentations & Webcasts.

In addition, in the first quarter, RBI again offered interested equity and debt investors extensive opportunity to obtain information first-hand at road shows and conferences in Copenhagen, Frankfurt, Helsinki, London and Paris.

At the end of the first quarter of 2019, a total of 21 equity analysts and 22 debt analysts provided investment recommendations on RBI. Consequently, RBI remained the Austrian company with the largest number of analyst teams regularly reporting on it.

Annual General Meeting and dividend proposal

The next Annual General Meeting will take place on 13 June 2019. The Management Board has passed a resolution to propose to the Annual General Meeting the payment of a dividend of € 0.93 per share for the 2018 financial year. Based on the number of shares issued, the maximum amount of the distribution is approximately € 306 million. The dividend will be distributed to shareholders on 24 June 2019, provided that the Annual General Meeting approves the resolution.

Shareholder structure

The regional Raiffeisen banks continue to hold approximately 58.8 per cent of RBI's shares, with 41.2 per cent in free float. The shareholder base is well diversified due to the broad geographic spread and various investment strategies. The institutional investors are primarily from North America and Europe and increasingly from Asia and Australia. These include sovereign wealth funds and supranational organizations, which offer stability due to their preferred long-term investment strategies. RBI's shareholders also include a large number of Austrian private investors.

Stock data and details

RBI's stock has been listed on the Vienna Stock Exchange since 25 April 2005.

Share price as at 31 March 2019	€ 20.01
High/Low (closing share price) in first quarter of 2019	€ 24.31/€ 18.69
Earnings per share from 1 January to 31 March 2019	€ 0.64
Book value per share as at 31 March 2019	€ 33.36
Market capitalization as at 31 March 2019	€ 6.6 billion
Average daily trading volume (single count) in the first quarter of 2019	614,397 shares
Free float as at 31 March 2019	approximately 41.2%
ISIN	AT0000606306
Ticker symbols	RBI (Vienna Stock Exchange)
	RBI AV (Bloomberg)
	RBIV.VI (Reuters)
Market segment	Prime Market
Number of shares issued as at 31 March 2019	328,939,621

Rating details

Rating	Moody's Investors Service	Standard & Poor's
Long-term rating	A3	BBB+
Outlook	stable	positive
Short-term rating	P- 2	A- 2
Subordinated (Tier 2)	Baa3	BBB-
Additional Tier 1	Ba3(hyb)	BB
Junior Subordinated (Legacy Tier 1)	Ba3	BB+

Financial Calendar 2019

3 June 2019	Record Date Annual General Meeting
13 June 2019	Annual General Meeting
19 June 2019	Ex-Dividend Date
21 June 2019	Record Date Dividends
24 June 2019	Dividend Payment Date
25 July 2019	Start of Quiet Period
8 August 2019	Semi-Annual Report, Conference Call
31 October 2019	Start of Quiet Period
14 November 2019	Third Quarter Report, Conference Call

Contact for equity and debt investors

Email: ir@rbinternational.com
www.rbinternational.com → Investors
Telephone: +43 1 71 707 2089
Fax: +43 1 71 707 2138

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

Group management report

Market development

The pace of GDP growth in the euro area slowed appreciably in the second half of 2018. According to the indicators, the slowdown in momentum is continuing well into 2019, at least in some economic sectors. Declining activity in the cyclical industrial sector in particular has sparked fears of a recession. With some of the recent industrial weakness attributable to specific temporary factors, the medium term is expected to show improved momentum in the industrial sector and continuing robust service sector performance. Generally, the disappointing economic performance of recent quarters is considered to be an economic soft patch, not an omen of recession.

The inflation rate in the euro area has been 1.5 per cent on average since the start of the year. By the middle of the year, energy prices are expected to play a reduced inflationary role, with inflation easing back in the direction of the 1 per cent level. Inflation will likely show a moderate upwards trend towards the end of the year, mainly driven by a stronger uplift in prices for services on the back of mounting wage pressure.

In March, the European Central Bank announced a continuation of its expansionary monetary policy: firstly, by leaving key rates unchanged until at least the beginning of 2020; a potential rate hike will largely depend on the inflationary outlook. Secondly, amounts repaid from bonds purchased under the asset purchase program are to be reinvested in full for an extended period of time past the date of an initial hike in key interest rates. Thirdly, from September 2019 until March 2021, quarterly targeted longer-term refinancing operations (TLTROs) with a maturity of two years will be offered. The US central bank signaled that key rates will remain unchanged until the end of the year. The balance sheet will continue to be pared back at a reduced rate until September, when the reduction process will end.

Austria's economy put in a positive performance in 2018, despite a noticeable decline in growth momentum over the year. Thanks to a very good 2017/2018 winter period, real GDP growth reached 2.7 per cent overall, with both domestic demand and net exports supporting the economy. However, with no further increase in economic momentum expected, the forecast growth rate of 1.3 per cent for full-year 2019 is significantly below the previous year. Domestic demand is anticipated to be the main driver, while foreign trade will increasingly feel the effects of international headwinds.

At 4.5 per cent in 2018, GDP growth in the Central European (CE) region was on a par with the previous year and again exceeded the 4 per cent level. At the country level, Poland recorded the highest GDP growth rate of 5.1 per cent. Despite increasing international headwinds, overall economic conditions in CE should remain positive in 2019, albeit with an anticipated slowdown in GDP growth. With forecast growth of 3.5 per cent in 2019, the economic slowdown will be less pronounced than in the euro area. Thanks to a continuing strong employment market and solid real wage increases, private consumption should remain a stable pillar of economic growth. Investment is also likely to be a key economic driver in 2019, despite lower GDP growth rates. At the country level, Poland (3.9 per cent) and Hungary (3.7 per cent) are expected to post the strongest increases in 2019.

In Southeastern Europe (SEE), after GDP growth of 3.7 per cent in 2018, the rate is expected to be lower again at 3.0 per cent in 2019. Even while economic growth is expected to slow in all the countries, the reduction is mainly driven by reduced economic momentum in SEE's largest economy, Romania, where GDP growth is expected to fall 1.1 percentage points to 3.0 per cent. In 2018, growth in SEE was mainly buoyed by strong private consumption, which offset weak investment. Following a sharp rise in in the year prior (3.4 per cent), the increase in average consumer prices is expected to slow in 2019, with inflation at 2.8 per cent. Faced with a global dovish interest rate environment and low inflationary pressure, neither the Serbian nor Romanian central banks are expected to raise interest rates.

Eastern Europe (EE) posted moderate economic growth in 2018, with Russia exceeding forecasts. While the further US sanctions imposed in April and August led to a moderate depreciation of the Russian ruble, they did not cause strong upheaval in the real economy. Although full-year growth in Russia was surprisingly strong at 2.3 per cent, this was partially due to one-off effects. Economic growth for the current year is expected to revert to a lower rate of 1.5 per cent. Russian monetary and fiscal policies remain focused on stability and less on stimulating growth. The Russian state budget should again show a surplus in 2019. As inflation falls below its current level of 5 per cent, Russian interest rate policy should find some scope for easing. However, new US sanctions remain possible and could detrimentally affect the financial market. An important supporting factor in Ukraine is the continuing cooperation with the International Monetary Fund. At 2.7 per cent, economic growth in the 2019 election year could fall to somewhat below its 2018 level of 3.3 per cent. The economic recovery is also expected to have passed its peak in Belarus, with this year's growth of 2.5 per cent below the previous year's level of 3.1 per cent. For Belarus, economic relations with and financial support from Russia are especially important; any reduction in the latter would also have negative economic consequences for the country.

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

Region/country	2017	2018	2019e	2020f
Czech Republic	4.5	2.9	2.4	2.2
Hungary	4.1	4.9	3.7	2.7
Poland	4.8	5.1	3.9	3.1
Slovakia	3.2	4.1	3.5	2.8
Slovenia	4.9	4.5	3.0	2.3
Central Europe	**4.5**	**4.5**	**3.5**	**2.8**
Albania	3.8	4.1	3.8	2.5
Bosnia and Herzegovina	3.2	3.1	2.7	2.5
Bulgaria	3.8	3.1	3.0	2.5
Croatia	2.9	2.6	2.5	2.0
Kosovo	4.2	4.2	4.0	3.0
Romania	7.0	4.1	3.0	2.8
Serbia	2.0	4.3	3.5	3.5
Southeastern Europe	**5.1**	**3.7**	**3.0**	**2.7**
Belarus	2.5	3.1	2.5	2.0
Russia	1.6	2.3	1.5	1.5
Ukraine	2.5	3.3	2.7	3.1
Eastern Europe	**1.7**	**2.4**	**1.6**	**1.6**
Austria	**2.6**	**2.7**	**1.3**	**1.2**
Germany	**2.5**	**1.5**	**1.0**	**1.0**
Eurozone	**2.5**	**1.8**	**1.1**	**1.0**

Source: Raiffeisen Research – the above values are based on research analysts' estimates as at the beginning of May 2019.

Significant events in the reporting period

Romanian bank tax

A new bank tax was introduced in Romania as of 1 January 2019. It amounts to 0.4 per cent p. a. of the assessment base for banking institutions with a market share of more than 1 per cent, as measured by total assets. The assessment base for the bank tax is total assets minus certain items such as cash, cash balances at central banks, government bonds and government-guaranteed loans. The tax is due twice a year, starting on 25 August 2019, and can be deducted from the assessment base for corporate income tax. Tax relief is also available and can be claimed by institutions which reach annually determined targets for loan growth and interest margin reductions. If both targets are achieved in full, the tax can be lowered to zero. Partial attainment of the targets leads to a proportional reduction of the tax.

Earnings and financial performance

Following the record 2018, RBI again made a positive start to the new financial year in the first quarter of 2019.

Although most markets are showing signs of a slight economic slowdown, there continues to be growth momentum and loans consequently grew by a solid 6 per cent. The operating result fell 16 per cent. This was firstly due to the loss of income because of the sale of the Polish core banking operations and secondly to the negative valuation result for derivatives held for hedging purposes. Without the sale of the Polish core banking operations, net interest and fee and commission income would have increased.

Consolidated profit declined € 173 million to € 226 million. Impairment losses on financial assets were moderate at € 9 million in the reporting period. In the previous year, RBI had still benefited from releases of impairments and gains from sales of non-performing loans, which had resulted in an € 83 million net release of loan loss provisions in the comparable period. Net trading income fell to minus € 52 million, as a result of the aforementioned derivative valuation results.

in € million	1/1-31/3/2109	1/1-31/3/2018	Change	
Net interest income	825	829	(4)	(0.5)%
Dividend income	9	9	1	5.8%
Net fee and commission income	402	410	(8)	(2.0)%
Net trading income and fair value result	(52)	(1)	(51)	>500.0%
Net gains/losses from hedge accounting	6	(1)	7	–
Other net operating income	(1)	45	(46)	–
Operating income	**1,189**	**1,291**	**(101)**	**(7.9)%**
Staff expenses	(379)	(384)	6	(1.5)%
Other administrative expenses	(257)	(286)	29	(10.2)%
Depreciation	(89)	(70)	(19)	27.5%
General administrative expenses	**(724)**	**(740)**	**16**	**(2.1)%**
Operating result	**465**	**551**	**(86)**	**(15.6)%**
Other result	(2)	27	(29)	–
Levies and special governmental measures	(114)	(132)	19	(14.2)%
Impairment losses on financial assets	(9)	83	(92)	–
Profit/loss before tax	**340**	**529**	**(189)**	**(35.7)%**
Income taxes	(81)	(98)	17	(17.5)%
Profit/loss after tax	**259**	**430**	**(171)**	**(39.8)%**
Profit attributable to non-controlling interests	(33)	(31)	(2)	7.0%
Consolidated profit/loss	**226**	**399**	**(173)**	**(43.4)%**

Operating income

Operating income was down 8 per cent year-on-year, or € 101 million, to € 1,189 million, mainly due to the sale of the Polish core banking operations. Despite this sale, Group average interest-bearing assets rose 2 per cent, reflecting increases in the loan business and short-term investments – especially at head office and in Russia. Overall, net interest income fell slightly, by € 4 million, to € 825 million. The net interest margin declined 7 basis points to 2.43 per cent, mainly driven by growth in low-margin business at head office and negative margin developments in Russia and Belarus. Net fee and commission income decreased € 8 million to € 402 million. Net trading income was down to minus € 52 million. This decline was due to valuations of derivatives held for economic hedging purposes. As these are hedging transactions, the valuation results are neutralized over the portfolio's lifetime. Other net operating income decreased € 46 million, primarily due to one-off effects in the corresponding period of the previous year and the adoption of IFRS 16 in the reporting period.

General administrative expenses

General administrative expenses declined € 16 million year-on-year to € 724 million. The reduction was mainly due to the sale of the Polish core banking operations, while salary adjustments and higher expenses resulting from a rise in staffing levels, in particular, led to an increase. The average headcount decreased by 2,843 full-time equivalents year-on-year to 47,162. Excluding the sale in Poland, the number of full-time equivalents increased by 1,095, mainly in Russia and at head office. Other administrative expenses fell € 29 million compared to the same period of the previous year, mainly reflecting the sale of the Polish core banking operations and reduced office space expenses following the adoption of IFRS 16. The adoption of IFRS 16 essentially led to a shift from other administrative expenses to depreciation. The number of business outlets decreased 270 year-on-year to 2,153, mainly in Poland (down 234) and Romania (down 26). Depreciation of tangible and intangible fixed assets rose 28 per cent, or € 19 million. This was mainly due to the adoption of IFRS 16, which necessitated depreciation charges for right-of-use assets in an amount of € 20 million.

Other result

The other result was minus € 2 million in the reporting period compared to € 27 million in the corresponding period of the previous year. This development was attributable largely to a decline of € 18 million in net income from associated companies valued at equity, as well as net income from the disposal of Group assets of minus € 9 million (first quarter 2018: € 1 million).

Levies and special governmental measures

The expense for levies and special governmental measures fell € 19 million year-on-year to € 114 million, due to the sale of the Polish core banking operations. Contributions to the resolution fund and the majority of bank levies have to be recognized in full at the start of the year.

Impairment losses on financial assets

Impairment losses on financial assets were moderate in the reporting period at € 9 million, compared to an € 83 million net release of loan loss provisions in the comparable period of the previous year – due in particular to inflows and recoveries. The most significant changes to risk costs occurred in the Group Corporates & Markets segment (up € 27 million), in Poland (up € 26 million), and in Russia (up € 21 million). The increase in Poland was mainly attributable to payment delays in connection with the switching of accounts necessitated by the demerger.

The NPE ratio remained relatively stable, decreasing 0.1 percentage points to 2.5 per cent since the start of the year. At 58.4 per cent, the NPE coverage ratio also remained virtually unchanged.

Income taxes

Income taxes decreased € 17 million to € 81 million. However, the effective tax rate rose 5 percentage points to 24 per cent, attributable largely to reduced net income at head office and to the losses in Poland.

Quarterly results

in € million	Q1/2018	Q2/2018	Q3/2018	Q4/2018	Q1/2019
Net interest income	829	834	856	843	825
Dividend income	9	48	3	(9)	9
Net fee and commission income	410	460	455	467	402
Net trading income and fair value result	(1)	18	4	(3)	(52)
Net gains/losses from hedge accounting	(1)	(1)	1	(11)	6
Other net operating income	45	20	14	8	(1)
Operating income	**1,291**	**1,379**	**1,334**	**1,294**	**1,189**
Staff expenses	(384)	(396)	(383)	(416)	(379)
Other administrative expenses	(286)	(287)	(280)	(325)	(257)
Depreciation	(70)	(71)	(71)	(79)	(89)
General administrative expenses	**(740)**	**(754)**	**(734)**	**(819)**	**(724)**
Operating result	**551**	**625**	**600**	**475**	**465**
Other result	27	(121)	7	(74)	(2)
Levies and special governmental measures	(132)	(8)	(16)	(13)	(114)
Impairment losses on financial assets	83	0	(28)	(222)	(9)
Profit/loss before tax	**529**	**496**	**563**	**166**	**340**
Income taxes	(98)	(106)	(111)	(40)	(81)
Profit/loss after tax	**430**	**389**	**452**	**127**	**259**
Profit attributable to non-controlling interests	(31)	(33)	(35)	(29)	(33)
Consolidated profit/loss	**399**	**357**	**417**	**97**	**226**

Development of the first quarter of 2019 compared to the fourth quarter of 2018

Operating income

Net interest income was down 2 per cent, or € 18 million, to € 825 million, reflecting a € 19 million reduction in Poland (sale of the Polish core banking operations). In Russia, higher interest expenses for customer deposits and derivative financial instruments led to an € 8 million decrease. In contrast, the Czech Republic reported a volume-related € 5 million rise in net interest income, and in Hungary higher interest income from derivatives in particular generated a € 4 million increase in net interest income. The net interest margin decreased 10 basis points to 2.43 per cent due to the margin decline in Russia and an increase in the volume of mainly short-term, lower-margin business at head office.

Compared to the fourth quarter of 2018, net fee and commission income declined 14 per cent, or € 65 million, to € 402 million. A material factor was seasonally higher revenues in clearing, settlement and payment services in the fourth quarter, primarily in Russia, Romania and at head office. Fee and commission income from the loan and guarantee business at Raiffeisen Bausparkasse and at head office also declined. In addition, net fee and commission income in Poland decreased € 13 million due to the sale of the Polish core banking operations.

Net trading income was down € 49 million quarter-on-quarter. This decline was due to valuations of derivatives held for economic hedging purposes. As these are hedging transactions, the valuation results are neutralized over the lifetime of the portfolio.

Net gains from hedge accounting improved € 17 million quarter-on-quarter, mainly at head office. In the fourth quarter of 2018 net losses amounted to € 13 million, primarily as a result of the recalibration of fair value hedges at head office, whereas there was a net gain of € 4 million in the first quarter of 2019.

Other net operating income fell € 9 million quarter-on-quarter. The decline was primarily attributable to the sale of the Polish core banking operations in the fourth quarter.

General administrative expenses

Staff expenses declined € 37 million quarter-on-quarter to € 379 million, mainly due to the sale of the Polish core banking operations in October 2018, as well as bonus adjustments and provisions for staff posted in the fourth quarter. Other administrative expenses fell € 68 million to € 257 million, due to the seasonal increase in advertising expenses in the fourth quarter – mainly in Russia – and to legal, advisory and consulting expenses incurred at head office and in connection with the sale of the Polish core banking operations. The introduction of IFRS 16 essentially led to a shift of expenses from other administrative expenses to depreciation, while deposit insurance fees, which must be booked for the entire year in the first quarter in some countries, led to an increase of € 26 million.

Other result

In the first quarter of 2019, the other result amounted to minus € 2 million compared to minus € 74 million in the previous quarter. The fourth quarter of 2018 was impacted in particular by the negative effect of € 64 million from the recycling of cumulative foreign currency differences in connection with the sale of the Polish core banking operations.

Levies and special governmental measures

Levies and expenses from special governmental measures increased € 101 million compared to the fourth quarter of 2018 to € 114 million. Bank levies amounted to € 66 million in the first quarter of 2019 (previous quarter: € 13 million). The largest rise was attributable to the one-off payment of € 41 million made by head office. This was the third of a total of four annual payments, which in accordance with the underlying provisions (IFRIC 21) are each to be posted in their entirety in the first quarter. In Hungary, the bank levy for the full year of € 13 million was also posted in the first quarter of 2019. In addition, contributions to the resolution fund amounted to € 48 million and were likewise booked for the whole year in the first quarter.

Impairment losses on financial assets

In the first quarter of 2019, impairment losses on financial assets amounted to € 9 million, compared to impairment losses of € 222 million in the previous quarter – partly as a result of fine-tuning of the IFRS 9 models (for performing loans) and provisions for expected credit risks not fully captured by the model due to specific events, which had an overall effect of € 159 million. There were the following reductions in risk costs: in the Central Europe segment € 76 million (€ 30 million in Poland and € 22 million in both the Czech Republic and Slovakia), in the Southeastern Europe segment € 58 million (€ 20 million in Romania and € 19 million in Croatia), in the Eastern Europe segment € 54 million (€ 51 million in Russia), and in the Group Corporates & Markets segment € 21 million.

Income taxes

Income taxes increased € 41 million to € 81 million due to the level of profit. The tax rate remained constant at 24 per cent.

Consolidated profit/loss

Consolidated profit improved € 129 million to € 226 million. This was mainly attributable to the € 212 million reduction in impairment losses on financial assets, partly offset by a € 101 million increase in levies and expenses for special governmental measures, which must be posted in their entirety in the first quarter.

Statement of financial position

Since the start of the year, RBI's total assets rose 4 per cent, or € 6,298 million, to € 146,413 million. Currency movements – the appreciation of the Russian ruble by 9 per cent, of both the Ukrainian hryvnia and Belarusian ruble by 4 per cent, as well as of the US dollar by 2 per cent – resulted in an increase of 1 per cent, or € 1,252 million.

Assets

in € million	31/3/2019	31/12/2018	Change	
Loans to banks	9,236	9,998	(762)	(7.6)%
Loans to customers	85,528	80,866	4,663	5.8%
Securities	19,594	19,778	(184)	(0.9)%
Cash and other assets	32,054	29,473	2,580	8.8%
Total	**146,413**	**140,115**	**6,298**	**4.5%**

The 8 per cent, or € 762 million, decline in loans to banks to € 9,236 million, mainly resulted from a decrease in deposits at the Czech National Bank.

Loans to customers were up 6 per cent or € 4,663 million to € 85,528 million. The largest increases were recorded at RBI AG (increase of € 2,296 million or 9 per cent, mainly due to repurchase agreements and lending), in Russia (increase of € 1,390 million or 16 per cent, approximately half of which was currency-driven; primarily loans to non-financial corporations and households), and in Slovakia (increase of € 359 million or 4 per cent, mainly loans to non-financial corporations and mortgage loans). In Central, Southeastern and Eastern Europe, loans to households increased € 688 million and loans to non-financial corporations rose € 1,375 million.

Since the beginning of the year, cash balances increased € 1,890 million to € 24,447 million, primarily at RBI AG due to repurchase agreements with the Austrian National Bank. Other assets increased € 691 million to € 7,607 million, predominantly due to the recognition of right-of-use assets (application of IFRS 16) in the statement of financial position.

Equity and liabilities

in € million	31/3/2019	31/12/2018	Change	
Deposits from banks	26,885	23,980	2,905	12.1%
Deposits from customers	88,741	87,038	1,703	2.0%
Debt securities issued and other liabilities	17,951	16,684	1,267	7.6%
Equity	12,837	12,413	423	3.4%
Total	**146,413**	**140,115**	**6,298**	**4.5%**

The Group's funding from banks, which mainly relates to short-term funding at RBI AG, rose 12 per cent, or € 2,905 million, to € 26,885 million.

The rise in deposits from customers of 2 per cent, or € 1,703 million, to € 88,741 million, was mainly driven by growth at RBI AG (increase of 4 per cent or € 843 million, primarily in short-term deposits from non-financial corporations and general governments), and in Russia (increase of 7 per cent or € 776 million, predominantly in household deposits).

The rise in debt securities issued and other liabilities resulted from RBI AG (increase of € 668 million, mainly from the issuance of debt securities), as well as from moderate increases reported by the subsidiary banks.

For information relating to funding, please refer to the risk report section in the interim consolidated financial statements.

Equity on the statement of financial position

RBI's equity including capital attributable to non-controlling interests rose € 423 million to € 12,837 million. The increase was primarily the result of the total comprehensive income for the period of € 419 million.

The total comprehensive income of € 419 million comprised profit after tax of € 259 million and other comprehensive income of € 160 million. The main contribution to other comprehensive income came from movements in the Russian ruble exchange rate (€ 139 million in total, of which € 175 million was from currency translation within the Group and minus € 36 million was from the partial hedge of the net investment in Russia). A further significant contribution of € 21 million came from the change in the fair value of financial assets.

The Management Board will propose a dividend payment of € 0.93 per share for the 2018 financial year to the Annual General Meeting. This would correspond to a maximum dividend payout of € 306 million.

Total capital pursuant to the CRR/Austrian Banking Act (BWG)

As at 31 March 2019, RBI's common equity tier 1 capital (CET1) after deductions amounted to € 9,965 million, representing an increase of € 263 million compared to the 2018 year-end figure. Material factors behind the improvement were foreign exchange effects directly booked in equity and changes to qualifying minority interests. Tier 1 capital after deductions increased € 251 million to € 11,179 million as a result of the increase in CET1. There was a € 75 million reduction in tier 2 capital to € 2,283 million, mainly due to the regulatory amortization of outstanding issues. RBI's total capital amounted to € 13,462 million, representing an increase of € 176 million compared to the 2018 year-end figure.

The risk-weighted assets (total RWA) reached € 74,218 million on 31 March 2019. The major factor for the € 1,546 million increase was new loan business, as well as general business developments in Bulgaria and at RBI AG. In addition, foreign exchange effects also raised risk-weighted assets (total RWA), primarily due to the Russian ruble. The changes in market risk and operational risk balanced each other out.

As a result, the common equity tier 1 ratio (fully loaded) was 13.4 per cent, the tier 1 ratio (fully loaded) was 14.9 per cent and the total capital ratio (fully loaded) was 18.0 per cent. All the ratios are essentially unchanged from the end of 2018.

The capital ratios including interim profit from the first quarter would be around 18 basis points higher than the presented ratios (common equity tier 1 ratio, tier 1 ratio, and total capital ratio).

Risk management

For further information on risk management, please refer to the risk report in the interim consolidated financial statements.

Events after the reporting date

There were no significant events after the reporting date.

Outlook

We will pursue loan growth with an average yearly percentage increase in the mid-single digit area.

The provisioning ratio for FY 2019 is expected to be around 45 basis points.

We anticipate that the NPE ratio will further reduce.

We aim to achieve a cost/income ratio of around 55 per cent in 2021.

In the coming years we target a consolidated return on equity of approximately 11 per cent.

We seek to maintain a CET1 ratio of around 13 per cent in the medium term.

Based on this target, we intend to distribute between 20 and 50 per cent of the consolidated profit.

Segment report

Segmentation principles

Segment reporting at RBI is based on the current organizational structure pursuant to IFRS 8. A cash generating unit within the Group is a country. The Group's markets are thereby consolidated into regional segments comprising countries with comparable economic profiles and similar long-term economic growth expectations.

This results in the following segments:

- Central Europe: Czech Republic, Hungary, Poland, Slovakia, and Slovenia
- Southeastern Europe: Albania, Bosnia and Herzegovina, Bulgaria, Croatia, Kosovo, Romania, and Serbia
- Eastern Europe: Belarus, Russia and Ukraine
- Group Corporates & Markets: operating business booked in Austria – Austrian and international corporate customers, Markets, Financial Institutions & Sovereigns, business with the Raiffeisen Banking Group (RBG) and specialized financial institution subsidiaries, e.g. Raiffeisen Centrobank AG, Kathrein Privatbank Aktiengesellschaft, Raiffeisen Leasing Group, Raiffeisen Factor Bank AG, Raiffeisen Bausparkasse Österreich Gesellschaft mbH, Valida Group (pension fund business) and Raiffeisen Kapitalanlage-Gesellschaft mit beschränkter Haftung
- Corporate Center: central control functions in RBI AG (e.g. Treasury), other Group units and minority interests (including UNIQA Insurance Group AG and LEIPNIK-LUNDENBURGER INVEST Beteiligungs AG)

Central Europe

in € million	1/1-31/3 2019	1/1-31/3 2018	Change	Q1/2019	Q4/2018	Change
Net interest income	209	248	(15.4)%	209	222	(5.5)%
Dividend income	1	1	109.9%	1	0	>500.0%
Net fee and commission income	107	136	(21.0)%	107	125	(13.8)%
Net trading income and fair value result	2	13	(87.9)%	2	4	(63.4)%
Net gains/losses from hedge accounting	(1)	0	128.2%	(1)	3	–
Other net operating income	(6)	(6)	(0.4)%	(6)	(18)	(66.8)%
Operating income	**313**	**391**	**(20.0)%**	**313**	**336**	**(6.9)%**
General administrative expenses	(171)	(220)	(22.5)%	(171)	(205)	(16.5)%
Operating result	**142**	**171**	**(16.8)%**	**142**	**131**	**8.1%**
Other result	3	1	>500.0%	3	1	381.6%
Levies and special governmental measures	(40)	(55)	(28.4)%	(40)	(9)	356.0%
Impairment losses on financial assets	(6)	14	–	(6)	(82)	(92.5)%
Profit/loss before tax	**100**	**130**	**(23.4)%**	**100**	**41**	**141.0%**
Income taxes	(23)	(32)	(28.4)%	(23)	(8)	168.0%
Profit/loss after tax	**77**	**99**	**(21.8)%**	**77**	**33**	**134.1%**
Return on equity before tax	10.8%	14.6%	(3.8) PP	10.8%	4.1%	6.7 PP
Return on equity after tax	8.4%	11.0%	(2.7) PP	8.4%	3.3%	5.1 PP
Net interest margin (average interest-bearing assets)	2.15%	2.20%	(0.04) PP	2.15%	2.31%	(0.16) PP
Cost/income ratio	54.6%	56.3%	(1.7) PP	54.6%	60.9%	(6.3) PP
Loan/deposit ratio	101.7%	91.5%	10.2 PP	101.7%	98.9%	2.8 PP
Provisioning ratio (average loans to customers)	0.09%	(0.19)%	0.28 PP	0.09%	1.19%	(1.11) PP
NPE ratio	2.7%	3.5%	(0.8) PP	2.7%	2.8%	(0.1) PP
NPE coverage ratio	57.2%	51.7%	5.5 PP	57.2%	56.0%	1.2 PP
Assets	40,487	46,576	(13.1)%	40,487	40,353	0.3%
Liabilities	37,068	42,072	(11.9)%	37,068	37,151	(0.2)%
Risk-weighted assets (total RWA)	21,333	25,360	(15.9)%	21,333	21,615	(1.3)%
Average equity	3,690	3,572	3.3%	3,690	4,034	(8.5)%
Loans to customers	28,468	30,586	(6.9)%	28,468	27,737	2.6%
Deposits from customers	29,602	35,437	(16.5)%	29,602	29,619	(0.1)%
Business outlets	396	633	(37.4)%	396	396	0.0%
Employees as at reporting date (full-time equivalents)	9,831	13,138	(25.2)%	9,831	9,692	1.4%
Customers in million	2.6	3.4	(23.2)%	2.6	2.6	0.4%

Segment performance

Profit after tax in the Central Europe segment declined € 21 million year-on-year to € 77 million. This was mainly the result of a € 40 million reduction in profit in Poland due to the sale of the Polish core banking operations in October 2018 and net allocations of € 17 million for impairment losses on financial assets in the period under review. In contrast, the Czech Republic reported an increase in profit after tax of € 13 million, which was primarily driven by higher net interest income.

Operating income

Net interest income was down 15 per cent year-on-year, or € 38 million, to € 209 million. This mainly reflected a € 61 million decline in net interest income in Poland due to the sale of the Polish core banking operations. In contrast, in the Czech Republic, higher market interest rates and increased customer loan volumes led to a rise of € 15 million in net interest income. In Hungary, net interest income rose € 4 million on higher interest income from derivatives. In Slovakia, net interest income also increased € 4 million due to higher volumes. The net interest margin in the Czech Republic rose by 31 basis points to 2.37 per cent. However, the segment's net interest margin declined by a total of 4 basis points to 2.15 per cent due to the sale of the Polish core banking operations.

Net fee and commission income decreased € 29 million year-on-year to € 107 million. This decline was also attributable to the sale of the Polish core banking operations. In Hungary, in contrast, net fee and commission income increased € 5 million to € 36 million, mainly driven by higher income from clearing, settlement and payment services and margin-related growth in foreign exchange.

The net trading income and fair value result fell € 11 million year-on-year to € 2 million. Poland recorded a € 5 million decline attributable to the sale of the Polish core banking operations. In Hungary, a drop of € 4 million resulted from currency translation effects.

Other net operating income remained constant at minus € 6 million.

General administrative expenses

General administrative expenses decreased € 50 million year-on-year to € 171 million because of the sale of the Polish core banking operations (decline of € 54 million). In addition, staff expenses increased due to salary adjustments in Slovakia (€ 2 million) and the Czech Republic (€ 1 million). Other administrative expenses also declined as a result of the sale of the Polish core banking operations (decline of € 20 million). Furthermore, the adoption of IFRS 16 led to a shift of expenses from other administrative expenses to depreciation.

The average number of employees fell 3,596 to 9,772, while the number of business outlets in the segment declined (down 237 to 396). Both decreases resulted from the sale of the Polish core banking operations. The cost/income ratio improved 1.7 percentage points to 54.6 per cent.

Other result

The Central Europe segment's other result rose € 3 million to € 3 million, largely due to net income posted in the Czech Republic from non-current assets and disposal groups classified as held for sale, as well as impairments of equity participations in Poland in the previous year.

Levies and special governmental measures

The expense for levies and special governmental measures fell € 16 million year-on-year to € 40 million. This decline primarily resulted from the sale of the Polish core banking operations (decrease of € 17 million). Bank levies were down € 5 million to € 20 million. In Hungary, the € 13 million expense for the bank levy was booked in the first quarter for the entire year, as in the previous year. Contributions to the resolution fund, which have to be recognized in full at the start of the year, also decreased € 11 million to € 19 million. In addition to the decrease resulting from the sale of the Polish core banking operations, contributions to the resolution fund were lower in Slovakia, while there was an increase in the Czech Republic.

Impairment losses on financial assets

In the reporting period, impairment losses on financial assets were € 6 million, compared to net releases of loan loss provisions of € 14 million in the previous year. The largest change was reported in Poland, where net releases of loan loss provisions in an amount of € 10 million were recognized in the previous year. In the reporting period, however, impairment losses of € 17 million were recognized in relation to the portfolio remaining after the sale. The increase in Poland was mainly attributable to payment delays in connection with the switching of accounts necessitated by the demerger. In the Czech Republic, net releases of loan loss provisions for corporate customers amounted to € 2 million in the reporting period, versus € 5 million in impairment losses on mainly mortgage loans in the previous year. In Hungary, there continued to be net releases of loan loss provisions in an amount of € 8 million (decrease of € 2 million). In Slovakia, no impairment losses were recognized in the reporting period.

The proportion of non-bank non-performing exposures in the Central Europe segment's loan portfolio was 2.7 per cent on 31 March 2019 (down 0.8 percentage points year-on-year). The NPE coverage ratio improved 5.5 percentage points year-on-year to 57.2 per cent.

Income taxes

The segment's income taxes decreased € 9 million year-on-year to € 23 million. In Poland there was a decline of € 13 million. In the Czech Republic, the tax expense rose € 4 million, primarily due to higher net income. The tax rate was 23 per cent, down from 24 per cent in the previous year.

Detailed results of individual countries in the segment:

in € million	Poland 1/1-31/3 2019	Poland 1/1-31/3 2018	Slovakia 1/1-31/3 2019	Slovakia 1/1-31/3 2018
Net interest income	3	64	72	68
Dividend income	0	0	0	0
Net fee and commission income	1	32	39	40
Net trading income and fair value result	0	5	1	2
Net gains/losses from hedge accounting	0	0	0	0
Other net operating income	0	1	(1)	0
Operating income	**4**	**102**	**111**	**111**
General administrative expenses	(4)	(59)	(61)	(61)
Operating result	**0**	**44**	**50**	**50**
Other result	0	(1)	1	1
Levies and special governmental measures	(2)	(19)	(10)	(11)
Impairment losses on financial assets	(17)	10	0	0
Profit/loss before tax	**(19)**	**34**	**42**	**41**
Income taxes	0	(13)	(9)	(10)
Profit/loss after tax	**(19)**	**21**	**33**	**31**
Return on equity before tax	–	9.2%	13.5%	15.0%
Return on equity after tax	–	5.7%	10.7%	11.5%
Net interest margin (average interest-bearing assets)	0.40%	2.33%	2.25%	2.25%
Cost/income ratio	–	57.4%	55.3%	54.8%
Loan/deposit ratio	–	104.2%	101.0%	99.3%
Provisioning ratio (average loans to customers)	2.16%	(0.49)%	(0.01)%	0.01%
NPE ratio	11.0%	6.5%	1.8%	2.3%
NPE coverage ratio	48.1%	43.3%	66.8%	60.5%
Assets	3,223	11,191	13,300	12,546
Liabilities	3,201	9,729	12,026	11,443
Risk-weighted assets (total RWA)	3,869	9,362	6,104	5,789
Equity	–	1,462	1,274	1,103
Loans to customers	3,095	7,634	10,434	9,467
Deposits from customers	22	7,838	10,912	10,095
Business outlets	1	235	186	193
Employees as at reporting date (full-time equivalents)	203	3,864	4,014	3,883
Customers in million	0.0	0.8	0.9	0.9

in € million	Czech Republic 1/1-31/3 2019	Czech Republic 1/1-31/3 2018	Hungary 1/1-31/3 2019	Hungary 1/1-31/3 2018
Net interest income	97	82	37	34
Dividend income	0	0	1	1
Net fee and commission income	32	33	36	31
Net trading income and fair value result	(1)	0	1	5
Net gains/losses from hedge accounting	0	0	(1)	(1)
Other net operating income	3	3	(13)	(12)
Operating income	**131**	**119**	**62**	**58**
General administrative expenses	(68)	(64)	(37)	(36)
Operating result	**64**	**55**	**25**	**22**
Other result	2	0	0	0
Levies and special governmental measures	(12)	(11)	(16)	(15)
Impairment losses on financial assets	2	(5)	8	10
Profit/loss before tax	**55**	**39**	**17**	**16**
Income taxes	(11)	(7)	(3)	(2)
Profit/loss after tax	**44**	**32**	**15**	**14**
Return on equity before tax	16.8%	12.4%	10.1%	9.9%
Return on equity after tax	13.5%	10.2%	8.6%	8.5%
Net interest margin (average interest-bearing assets)	2.37%	2.06%	2.07%	1.96%
Cost/income ratio	51.6%	54.1%	59.6%	62.4%
Loan/deposit ratio	89.3%	86.7%	70.5%	65.9%
Provisioning ratio (average loans to customers)	(0.07)%	0.19%	(0.95)%	(1.31)%
NPE ratio	1.5%	1.7%	2.9%	4.5%
NPE coverage ratio	62.4%	67.3%	60.4%	53.1%
Assets	16,548	16,343	7,839	7,258
Liabilities	15,190	15,069	7,069	6,583
Risk-weighted assets (total RWA)	7,832	6,645	3,457	3,478
Equity	1,358	1,274	770	676
Loans to customers	11,345	10,305	3,572	3,148
Deposits from customers	12,890	12,184	5,778	5,320
Business outlets	137	133	71	71
Employees as at reporting date (full-time equivalents)	3,436	3,366	2,168	2,012
Customers in million	1.2	1.1	0.5	0.5

Southeastern Europe

in € million	1/1-31/3 2019	1/1-31/3 2018	Change	Q1/2019	Q4/2018	Change
Net interest income	210	190	10.1%	210	217	(3.2)%
Dividend income	3	2	39.4%	3	0	>500.0%
Net fee and commission income	96	94	2.6%	96	107	(10.4)%
Net trading income and fair value result	7	8	(16.7)%	7	6	18.0%
Net gains/losses from hedge accounting	0	0	>500.0%	0	0	28.4%
Other net operating income	2	13	(84.8)%	2	(2)	–
Operating income	**317**	**308**	**3.2%**	**317**	**328**	**(3.2)%**
General administrative expenses	(181)	(169)	6.6%	(181)	(192)	(5.8)%
Operating result	**137**	**138**	**(0.9)%**	**137**	**136**	**0.6%**
Other result	(4)	0	–	(4)	(1)	223.4%
Levies and special governmental measures	(11)	(10)	11.6%	(11)	0	>500.0%
Impairment losses on financial assets	0	14	(98.5)%	0	(57)	–
Profit/loss before tax	**122**	**142**	**(14.2)%**	**122**	**77**	**57.7%**
Income taxes	(19)	(20)	(6.9)%	(19)	(10)	88.4%
Profit/loss after tax	**103**	**122**	**(15.4)%**	**103**	**67**	**53.1%**
Return on equity before tax	18.5%	25.5%	(7.0) PP	18.5%	12.7%	5.8 PP
Return on equity after tax	15.6%	21.9%	(6.2) PP	15.6%	11.0%	4.6 PP
Net interest margin (average interest-bearing assets)	3.58%	3.45%	0.14 PP	3.58%	3.73%	(0.15) PP
Cost/income ratio	56.9%	55.1%	1.8 PP	56.9%	58.5%	(1.6) PP
Loan/deposit ratio	74.94%	73.94%	1.0 PP	74.94%	73.72%	1.2 PP
Provisioning ratio (average loans to customers)	0.00%	(0.44)%	0.43 PP	0.00%	1.62%	(1.62) PP
NPE ratio	3.5%	4.7%	(1.2) PP	3.5%	3.6%	(0.1) PP
NPE coverage ratio	64.0%	62.6%	1.3 PP	64.0%	63.5%	0.5 PP
Assets	25,539	23,883	6.9%	25,539	25,360	0.7%
Liabilities	22,249	20,749	7.2%	22,249	22,196	0.2%
Risk-weighted assets (total RWA)	15,612	14,938	4.5%	15,612	15,136	3.1%
Average equity	2,642	2,232	18.4%	2,642	2,455	7.6%
Loans to customers	14,694	13,438	9.3%	14,694	14,633	0.4%
Deposits from customers	19,959	18,466	8.1%	19,959	20,040	(0.4)%
Business outlets	963	991	(2.8)%	963	962	0.1%
Employees as at reporting date (full-time equivalents)	14,593	14,810	(1.5)%	14,593	14,646	(0.4)%
Customers in million	5.3	5.3	1.1%	5.3	5.3	0.5%

Segment performance

The Southeastern Europe segment's profit after tax declined 15 per cent, or € 19 million, year-on-year despite a stable operating result. This was mainly due to the risk situation, which remained positive with no overall need for impairments in the reporting period, whereas net releases of € 14 million were booked in the comparable period of the previous year.

Operating income

Net interest income rose 10 per cent year-on-year, or € 19 million, to € 210 million. The strongest growth was seen in Romania with an increase of € 15 million. Higher market interest rates there resulted in a considerably higher interest margin (up 49 basis points) and growth in lending to households and non-financial corporations also contributed to the rise. In all the other countries in the segment, net interest income was little changed. The improvement of 14 basis points in the segment's net interest margin to 3.58 per cent was primarily attributable to the positive interest rate environment in Romania.

Net fee and commission income increased 3 per cent, or € 2 million, to € 96 million. Serbia and Bulgaria reported growth of € 3 million and € 2 million respectively, which was driven mainly by higher fee and commission income from foreign exchange and from clearing, settlement and payment services. In Romania, net fee and commission income was down € 3 million, primarily in clearing, settlement and payment services and the credit card business.

Net trading income and the fair value result was down € 1 million year-on-year to € 7 million. Decreases due to currency translation were almost fully offset by higher income from derivatives and bonds.

The segment's other net operating income declined € 11 million to € 2 million, mainly due to higher results from the derecognition of financial assets in the same period of the previous year and the reduction in the operating lease portfolio in Croatia.

General administrative expenses

General administrative expenses increased 7 per cent, or € 11 million, year-on-year to € 181 million. Staff expenses were up 8 per cent, or € 6 million, to € 79 million, primarily due to salary adjustments in Romania. The average number of employees fell 210 to 14,617, which was primarily attributable to developments in Romania and Croatia. Other administrative expenses decreased, mainly due to the application of IFRS 16, with an opposite effect on depreciation of right-of-use assets recognized in the statement of financial position. In Romania, deposit insurance fees rose € 6 million, which was largely due to the higher assessment basis for deposits subject to compulsory insurance.

The number of business outlets fell 28 year-on-year to 963, largely due to closures in Romania. The cost/income ratio rose from 55.1 to 56.9 per cent.

Other result

The other result of minus € 4 million mainly reflected impairments of non-financial assets, above all in Romania.

Levies and special governmental measures

Levies and expenses for special governmental measures increased slightly, by € 1 million year-on-year to € 11 million. The rise resulted from contributions to the resolution funds in Albania and Romania, which were recognized in full at the start of the year.

Impariment losses on financial assets

The positive development in the risk situation in Southeastern Europe continued in 2019. In the reporting period, a low net release was recognized compared to € 14 million in the same period of 2018. Albania, Bosnia and Herzegovina, Serbia and Croatia continued to report low net releases, while Romania, Bulgaria and Kosovo recognized moderate impairments in the reporting period. The proportion of non-performing exposures to non-banks in the segment's loan portfolio was 3.5 per cent (down 1.2 percentage points year-on-year) as at 31 March 2019. The NPE coverage ratio was 64 per cent (up 1.3 percentage points year-on-year).

Income taxes

Income taxes of € 19 million were € 1 million lower than the tax expense in the comparable period of the previous year. However, the tax rate rose 1 percentage point to 15 per cent.

Detailed results of individual countries:

in € million	Albania 1/1-31/3 2019	Albania 1/1-31/3 2018	Bosnia and Herzegovina 1/1-31/3 2019	Bosnia and Herzegovina 1/1-31/3 2018	Bulgaria 1/1-31/3 2019	Bulgaria 1/1-31/3 2018
Net interest income	14	13	18	16	26	25
Dividend income	0	1	0	1	3	0
Net fee and commission income	4	4	10	10	13	11
Net trading income and fair value result	2	(1)	0	(1)	1	0
Net gains/losses from hedge accounting	0	0	0	0	0	0
Other net operating income	0	0	(1)	1	1	1
Operating income	**20**	**17**	**27**	**27**	**44**	**38**
General administrative expenses	(10)	(11)	(13)	(12)	(25)	(24)
Operating result	**10**	**7**	**14**	**15**	**19**	**13**
Other result	0	0	0	0	0	0
Levies and special governmental measures	(1)	0	0	0	(4)	(4)
Impairment losses on financial assets	0	7	1	0	(2)	0
Profit/loss before tax	**9**	**14**	**15**	**15**	**13**	**9**
Income taxes	(2)	(2)	(1)	(1)	(1)	(1)
Profit/loss after tax	**7**	**12**	**14**	**13**	**12**	**9**
Return on equity before tax	17.0%	25.8%	20.4%	21.0%	10.9%	8.0%
Return on equity after tax	12.4%	22.8%	18.8%	19.2%	9.9%	7.3%
Net interest margin (average interest-bearing assets)	3.28%	3.00%	3.47%	3.38%	2.67%	2.80%
Cost/income ratio	51.0%	60.9%	48.1%	45.6%	57.7%	64.9%
Loan/deposit ratio	49.5%	47.3%	75.6%	75.1%	85.6%	85.7%
Provisioning ratio (average loans to customers)	(0.07)%	(4.36)%	(0.30)%	(0.04)%	0.23%	(0.03)%
NPE ratio	6.1%	6.7%	3.6%	4.4%	2.0%	3.0%
NPE coverage ratio	74.3%	73.4%	79.6%	77.5%	69.3%	67.3%
Assets	1,808	1,851	2,368	2,227	4,172	3,764
Liabilities	1,583	1,625	2,061	1,933	3,693	3,287
Risk-weighted assets (total RWA)	1,328	1,417	1,823	1,733	2,336	1,936
Equity	225	226	308	294	479	477
Loans to customers	718	699	1,309	1,209	2,717	2,343
Deposits from customers	1,519	1,507	1,843	1,782	3,221	2,768
Business outlets	78	78	102	101	146	146
Employees as at reporting date (full-time equivalents)	1,246	1,232	1,341	1,292	2,606	2,601
Customers in million	0.4	0.5	0.4	0.4	0.6	0.6

in € million	Croatia 1/1-31/3 2019	Croatia 1/1-31/3 2018	Romania 1/1-31/3 2019	Romania 1/1-31/3 2018	Serbia 1/1-31/3 2019	Serbia 1/1-31/3 2018
Net interest income	30	30	90	75	22	21
Dividend income	0	0	0	0	0	0
Net fee and commission income	16	15	40	44	11	8
Net trading income and fair value result	2	2	0	3	1	5
Net gains/losses from hedge accounting	0	0	0	0	0	0
Other net operating income	0	7	0	2	2	2
Operating income	**47**	**54**	**131**	**123**	**36**	**36**
General administrative expenses	(30)	(30)	(76)	(68)	(19)	(18)
Operating result	**17**	**24**	**55**	**55**	**17**	**18**
Other result	(1)	0	(3)	0	0	0
Levies and special governmental measures	(2)	(3)	(4)	(3)	0	0
Impairment losses on financial assets	3	2	(4)	2	2	4
Profit/loss before tax	**16**	**23**	**45**	**54**	**19**	**22**
Income taxes	(3)	(5)	(8)	(8)	(2)	(3)
Profit/loss after tax	**13**	**18**	**37**	**46**	**16**	**19**
Return on equity before tax	10.4%	14.5%	19.6%	27.3%	14.4%	17.3%
Return on equity after tax	8.3%	11.2%	16.1%	23.4%	12.7%	15.0%
Net interest margin (average interest-bearing assets)	2.70%	2.90%	4.36%	3.87%	3.88%	4.08%
Cost/income ratio	63.2%	55.8%	58.1%	55.0%	53.0%	49.7%
Loan/deposit ratio	68.6%	73.2%	77.4%	74.4%	73.6%	74.2%
Provisioning ratio (average loans to customers)	(0.44)%	(0.32)%	0.27%	(0.13)%	(0.52)%	(1.20)%
NPE ratio	4.5%	7.5%	3.5%	4.3%	2.2%	2.6%
NPE coverage ratio	65.0%	74.2%	50.9%	42.1%	73.1%	65.9%
Assets	4,815	4,453	8,904	8,391	2,522	2,320
Liabilities	4,151	3,802	7,962	7,558	1,983	1,798
Risk-weighted assets (total RWA)	2,577	2,799	4,977	4,687	1,905	1,772
Equity	664	651	943	833	538	522
Loans to customers	2,397	2,422	5,541	4,956	1,364	1,244
Deposits from customers	3,602	3,325	7,105	6,637	1,920	1,750
Business outlets	79	81	422	448	88	89
Employees as at reporting date (full-time equivalents)	1,926	2,091	5,097	5,332	1,547	1,526
Customers in million	0.5	0.5	2.3	2.3	0.8	0.8

Eastern Europe

in € million	1/1-31/3 2019	1/1-31/3 2018	Change	Q1/2019	Q4/2018	Change
Net interest income	256	247	3.4%	256	263	(2.6)%
Dividend income	0	0	–	0	0	–
Net fee and commission income	112	105	7.0%	112	132	(15.0)%
Net trading income and fair value result	13	6	104.5%	13	18	(27.9)%
Net gains/losses from hedge accounting	0	0	–	0	0	–
Other net operating income	2	8	(74.9)%	2	0	–
Operating income	**383**	**366**	**4.4%**	**383**	**412**	**(7.0)%**
General administrative expenses	(156)	(149)	4.5%	(156)	(181)	(13.7)%
Operating result	**227**	**217**	**4.4%**	**227**	**231**	**(1.8)%**
Other result	0	0	–	0	(9)	–
Levies and special governmental measures	0	0	–	0	0	–
Impairment losses on financial assets	(3)	32	–	(3)	(57)	(94.6)%
Profit/loss before tax	**224**	**248**	**(9.8)%**	**224**	**165**	**35.9%**
Income taxes	(47)	(51)	(8.1)%	(47)	(24)	98.4%
Profit/loss after tax	**177**	**197**	**(10.2)%**	**177**	**141**	**25.3%**
Return on equity before tax	41.2%	54.8%	(13.7) PP	41.2%	34.3%	6.9 PP
Return on equity after tax	32.5%	43.5%	(11.0) PP	32.5%	29.4%	3.1 PP
Net interest margin (average interest-bearing assets)	5.71%	6.60%	(0.89) PP	5.71%	6.32%	(0.61) PP
Cost/income ratio	40.7%	40.7%	0.0 PP	40.7%	43.9%	(3.1) PP
Loan/deposit ratio	86.5%	86.8%	(0.4) PP	86.5%	81.0%	5.5 PP
Provisioning ratio (average loans to customers)	0.08%	(1.31)%	1.39 PP	0.08%	2.21%	(2.13) PP
NPE ratio	2.8%	5.0%	(2.2) PP	2.8%	2.9%	(0.1) PP
NPE coverage ratio	60.9%	71.7%	(10.8) PP	60.9%	61.8%	(0.9) PP
Assets	19,328	16,189	19.4%	19,328	18,192	6.2%
Liabilities	16,490	13,743	20.0%	16,490	15,638	5.4%
Risk-weighted assets (total RWA)	13,078	11,954	9.4%	13,078	12,260	6.7%
Average equity	2,177	1,812	20.2%	2,177	1,940	12.2%
Loans to customers	12,565	10,239	22.7%	12,565	11,117	13.0%
Deposits from customers	14,797	11,958	23.7%	14,797	13,901	6.4%
Business outlets	770	775	(0.6)%	770	779	(1.2)%
Employees as at reporting date (full-time equivalents)	18,818	18,294	2.9%	18,818	18,750	0.4%
Customers in million	6.4	5.8	11.2%	6.4	6.1	6.5%

Segment performance

The segment's profit after tax decreased € 20 million, or 10 per cent, to € 177 million. While net interest income and net fee and commission income improved, impairment losses were recognized on financial assets compared to net releases in the previous year. As in the previous year, the Eastern Europe segment was affected by currency volatility in the reporting period. The average exchange rate of the Russian ruble and Belarusian ruble declined 8 per cent and 2 per cent respectively year-on-year. In contrast, the average exchange rate of the Ukrainian hryvnia appreciated 7 per cent. Compared to the start of 2019, the reporting date exchange rate of the Russian ruble appreciated 9 per cent, while the Belarusian ruble and the Ukrainian hryvnia both appreciated 4 per cent.

Operating income

Net interest income in Eastern Europe increased 3 per cent, or € 8 million, year-on-year to € 256 million. The largest rise was reported in Ukraine (up € 7 million), reflecting higher interest rates and lending volumes to non-financial corporations and households. In Russia, net interest income remained unchanged as a result of the depreciation of the Russian ruble; in local currency terms, it increased 8 per cent. The segment's net interest margin decreased 89 basis points year-on-year to 5.71 per cent as a result of lower margins in Russia and Belarus. In Russia, the net interest margin fell due to lower margins in asset-side customer business, currency effects and lower basis spreads for underlying swap transactions. Lower interest rates led to a drop in Belarus.

Net fee and commission income was up 7 per cent, or € 7 million, to € 112 million. Russia reported growth of € 5 million to € 78 million, which reflected higher volumes in the credit card business and foreign exchange. Driven by higher volumes, net fee and commission income in Ukraine also grew € 2 million to € 22 million.

The net trading income and fair value result rose from € 6 million in the comparable period of the previous year to € 13 million in the reporting period. Russia reported growth of € 8 million – above all due to an increase in the impact from currency translation.

Other net operating income declined € 6 million to € 2 million, as a result of the release of provisions for litigation in Russia in the comparable period of the previous year.

General administrative expenses

General administrative expenses were up 4 per cent year-on-year, or € 7 million, to € 156 million. The increase was partly absorbed by currency depreciation. The 4 per cent rise in the average number of employees from 18,069 to 18,775 was driven mainly by Russia (headcount up 846 to 9,061). Staff expenses increased 11 per cent, or € 9 million, to € 90 million due to salary adjustments in Ukraine and Russia. The segment's other administrative expenses were down 12 per cent, or € 6 million, to € 45 million. This mainly reflected lower office space and advertising expenses in Russia, which more than offset increased deposit insurance fees. Moreover, the first-time application of IFRS 16 led to a shift from other administrative expenses to depreciation. The latter increased 24 per cent, or € 4 million, to € 20 million, mainly due to depreciation of right-of-use assets. The cost/income ratio remained constant at 40.7 per cent.

Impairment losses on financial assets

In the reporting period, impairment losses of € 3 million were recognized, compared to a net release of loan loss provisions of € 32 million in the corresponding period of the previous year. This development was mainly attributable to Russia, where impairment losses of € 4 million were reported compared to a € 17 million net release of loan loss provisions in the previous year due to sales of non-performing loans to non-financial corporations. The year-on-year decrease in the net release of loan loss provisions in Ukraine from € 14 million to € 1 million in the reporting period also reflected sales of non-performing loans in the corresponding period of 2018.

The proportion of non-performing exposures to non-banks in the segment's loan portfolio was 2.8 per cent (down 2.2 percentage points year-on-year) as at 31 March 2019. The NPE coverage ratio was 60.9 per cent (down 10.8 percentage points year-on-year due to loan sales).

Income taxes

The segment's income taxes fell € 4 million to € 47 million. The tax rate remained constant at 21 per cent.

Detailed results of individual countries:

in € million	Belarus 1/1-31/3 2019	Belarus 1/1-31/3 2018	Russia 1/1-31/3 2019	Russia 1/1-31/3 2018	Ukraine 1/1-31/3 2019	Ukraine 1/1-31/3 2018
Net interest income	23	22	176	176	57	49
Dividend income	0	0	0	0	0	0
Net fee and commission income	12	11	78	73	22	20
Net trading income and fair value result	1	1	10	2	2	3
Net gains/losses from hedge accounting	0	0	0	0	0	0
Other net operating income	(1)	0	2	8	1	1
Operating income	**35**	**34**	**265**	**258**	**82**	**74**
General administrative expenses	(17)	(17)	(101)	(102)	(38)	(30)
Operating result	**18**	**17**	**164**	**156**	**44**	**44**
Other result	0	0	0	0	1	(1)
Levies and special governmental measures	0	0	0	0	0	0
Impairment losses on financial assets	0	1	(4)	17	1	14
Profit/loss before tax	**19**	**18**	**160**	**174**	**46**	**57**
Income taxes	(5)	(4)	(34)	(37)	(8)	(10)
Profit/loss after tax	**14**	**13**	**126**	**136**	**38**	**47**
Return on equity before tax	21.3%	22.7%	33.7%	41.7%	45.7%	74.3%
Return on equity after tax	15.8%	17.2%	26.5%	32.8%	37.8%	61.7%
Net interest margin (average interest-bearing assets)	5.57%	6.45%	4.96%	5.95%	11.04%	11.00%
Cost/income ratio	48.2%	50.5%	38.0%	39.5%	46.2%	40.4%
Loan/deposit ratio	88.4%	87.9%	86.4%	88.5%	85.7%	76.1%
Provisioning ratio (average loans to customers)	(0.49)%	(0.64)%	0.19%	(0.84)%	(0.15)%	(5.14)%
NPE ratio	2.3%	3.9%	1.9%	3.0%	8.7%	16.1%
NPE coverage ratio	84.0%	77.6%	51.2%	63.4%	69.7%	79.2%
Assets	1,933	1,532	15,058	12,577	2,340	2,083
Liabilities	1,568	1,208	13,030	10,815	1,895	1,722
Risk-weighted assets (total RWA)	1,635	1,373	9,048	8,524	2,395	2,056
Equity	365	324	2,027	1,762	445	360
Loans to customers	1,142	894	9,908	8,146	1,516	1,198
Deposits from customers	1,354	1,034	11,656	9,361	1,787	1,563
Business outlets	87	89	184	185	499	501
Employees as at reporting date (full-time equivalents)	1,792	1,877	9,131	8,470	7,895	7,947
Customers in million	0.8	0.8	3.2	2.5	2.5	2.5

Group Corporates & Markets

in € million	1/1-31/3 2019	1/1-31/3 2018	Change	Q1/2019	Q4/2018	Change
Net interest income	146	133	10.5%	146	129	13.3%
Dividend income	0	3	(88.4)%	0	1	(78.7)%
Net fee and commission income	88	79	12.3%	88	105	(16.1)%
Net trading income and fair value result	(16)	18	–	(16)	(20)	(16.7)%
Net gains/losses from hedge accounting	0	0	(24.5)%	0	0	1.1%
Other net operating income	25	63	(59.4)%	25	36	(29.3)%
Operating income	**244**	**294**	**(17.0)%**	**244**	**252**	**(3.2)%**
General administrative expenses	(166)	(160)	4.1%	(166)	(169)	(1.8)%
Operating result	**78**	**135**	**(42.0)%**	**78**	**83**	**(6.2)%**
Other result	(3)	0	>500.0%	(3)	5	–
Levies and special governmental measures	(6)	(7)	(13.9)%	(6)	(5)	8.2%
Impairment losses on financial assets	(1)	27	–	(1)	(22)	(97.7)%
Profit/loss before tax	**69**	**154**	**(55.4)%**	**69**	**61**	**12.7%**
Income taxes	(13)	(33)	(59.3)%	(13)	(6)	134.2%
Profit/loss after tax	**55**	**122**	**(54.4)%**	**55**	**55**	**0.2%**
Return on equity before tax	7.1%	19.9%	(12.9) PP	7.1%	7.2%	(0.1) PP
Return on equity after tax	5.7%	15.7%	(10.0) PP	5.7%	6.5%	(0.8) PP
Net interest margin (average interest-bearing assets)	1.33%	1.32%	0.01 PP	1.33%	1.22%	0.11 PP
Cost/income ratio	68.0%	54.2%	13.8 PP	68.0%	67.0%	1.0 PP
Loan/deposit ratio	145.8%	153.6%	(7.8) PP	145.8%	147.1%	(1.3) PP
Provisioning ratio (average loans to customers)	0.01%	(0.91)%	0.92 PP	0.01%	0.34%	(0.33) PP
NPE ratio	2.3%	3.1%	(0.8) PP	2.3%	2.4%	(0.1) PP
NPE coverage ratio	53.3%	45.5%	7.8 PP	53.3%	54.1%	(0.8) PP
Assets	49,391	46,234	6.8%	49,391	44,488	11.0%
Liabilities	51,674	47,055	9.8%	51,674	47,562	8.6%
Risk-weighted assets (total RWA)	22,480	19,848	13.3%	22,480	22,683	(0.9)%
Average equity	3,881	3,095	25.4%	3,881	3,457	12.2%
Loans to customers	28,259	24,285	16.4%	28,259	26,953	4.8%
Deposits from customers	26,955	23,191	16.2%	26,955	23,020	17.1%
Business outlets	24	24	0.0%	24	22	9.1%
Employees as at reporting date (full-time equivalents)	2,843	2,756	3.2%	2,843	2,879	(1.3)%
Customers in million	2.0	2.1	(6.5)%	2.0	2.1	(6.8)%

Segment performance

The decrease in net income in the Group Corporates & Markets segment was mainly due to one-off effects in the comparable period, including net releases of loan loss provisions totaling € 27 million and releases of provisions totaling € 25 million, which had been recognized primarily in connection with an Icelandic bank. A further € 11 million of the reduction resulted from proceeds from the sale of registered bonds in the previous year's period.

The Group Corporates & Markets segment encompasses RBI's operating business booked in Austria. The contributions to profit come from the head office corporate customer and markets business, with further significant contributions from the Austrian specialized financial institution subsidiaries. The following table shows the main profit contributions by sub-segment:

in € million	1/1-31/3 2019	1/1-31/3 2018	Change	Q1/2019	Q4/2018	Change
Corporates Vienna	43	38	13.8%	43	33	30.3%
Markets Vienna	26	62	(58.5)%	26	5	429.6%
Specialized financial institution subsidiaries and other	(13)	22	-	(13)	17	-
Profit/loss after tax	**55**	**122**	**(54.4)%**	**55**	**55**	**0.2%**

Operating income

Net interest income was up 11 per cent, or € 14 million, year-on-year to € 146 million, driven by a volume-related increase in long-term lending (project and export financing) in the Corporates Vienna sub-segment, and through short-term investments in the Markets Vienna sub-segment. The segment's net interest margin rose slightly, by 1 basis point to 1.33 per cent.

Net fee and commission income grew 12 per cent, or € 10 million, to € 88 million. Fee and commission income increased at Raiffeisen Bausparkasse due to a change in reporting in connection with brokerage expenses. Higher fee and commission income was recorded at head office, primarily in the institutional investor business, as well as in trade finance, securities custody and the fund management business.

The net trading income and fair value result fell € 34 million year-on-year to minus € 16 million. The decrease was due to valuation results for derivatives held as economic hedges. As these are hedging transactions, the valuation results are neutralized over the lifetime of the portfolio.

Other net operating income decreased € 37 million to € 25 million. In the comparable period, income of € 25 million was reported in the Markets Vienna sub-segment from the release of a provision in connection with the termination of a long-standing legal dispute with an Icelandic bank. A further € 11 million of the reduction related to the sale of registered bonds.

General administrative expenses

The segment's general administrative expenses rose 4 per cent, or € 7 million, to € 166 million. The increase mainly related to a € 5 million rise in staff expenses due to an increased headcount at head office. The cost/income ratio in the segment fell to 68.0 per cent.

Other result

The other result amounted to minus € 3 million in the reporting period (down € 3 million). This was mainly due to a € 2 million reduction in net income from associates valued at equity and a € 1 million higher loss from the disposal of Group assets.

Impairment losses on financial assets

Impairment losses on financial assets of € 1 million were recognized in the reporting period; this compared to net releases of loan loss provisions in the amount of € 27 million in the previous year's period, € 25 million of which related to an Icelandic bank in the Markets Vienna sub-segment.

The share of non-bank non-performing exposures in the segment's loan portfolio was 2.3 per cent as at 31 March 2019. The NPE coverage ratio was 53.3 per cent.

Income taxes

Income tax expense decreased € 19 million to € 13 million, mainly due to the lower profit.

Corporate Center

in € million	1/1-31/3 2019	1/1-31/3 2018	Change	Q1/2019	Q4/2018	Change
Net interest income	(9)	0	>500.0%	(9)	(11)	(17.0)%
Dividend income	142	10	>500.0%	142	6	>500.0%
Net fee and commission income	(3)	(2)	16.6%	(3)	(1)	240.9%
Net trading income and fair value result	(29)	(36)	(18.6)%	(29)	(4)	>500.0%
Net gains/losses from hedge accounting	4	0	>500.0%	4	(13)	–
Other net operating income	4	(4)	–	4	37	(89.1)%
Operating income	**108**	**(33)**	**–**	**108**	**14**	**>500.0%**
General administrative expenses	(76)	(69)	11.1%	(76)	(108)	(29.6)%
Operating result	**32**	**(102)**	**–**	**32**	**(94)**	**–**
Other result	(5)	27	–	(5)	(95)	(94.8)%
Levies and special governmental measures	(57)	(60)	(5.7)%	(57)	1	–
Impairment losses on financial assets	1	(1)	–	1	0	>500.0%
Profit/loss before tax	**(29)**	**(137)**	**(79.1)%**	**(29)**	**(188)**	**(84.7)%**
Income taxes	21	38	(44.5)%	21	8	159.4%
Profit/loss after tax	**(8)**	**(99)**	**(92.1)%**	**(8)**	**(180)**	**(95.6)%**
Assets	36,913	28,715	28.6%	36,913	35,331	4.5%
Liabilities	24,750	19,088	29.7%	24,750	22,338	10.8%
Risk-weighted assets (total RWA)	13,920	15,360	(9.4)%	13,920	16,259	(14.4)%
Average equity	2,593	2,250	15.3%	2,593	2,528	2.6%
Loans to customers	4,038	3,714	8.7%	4,038	3,038	32.9%
Deposits from customers	1,527	1,243	22.8%	1,527	4,381	(65.1)%
Business outlets	0	0	–	0	0	–
Employees as at reporting date (full-time equivalents)	1,179	1,038	13.6%	1,179	1,112	6.0%
Customers in million	0.0	0.0	(7.2)%	0.0	0.0	(9.1)%

Segment performance

This segment essentially comprises net income from the Group head office's management functions and other Group units. Therefore, its results are generally more volatile. The improvement in profit of € 92 million, or 92 per cent, mainly related to € 132 million higher intra-Group dividend income.

Operating income

Net interest income decreased € 9 million year-on-year to minus € 9 million. The reduction was mostly due to lower investment income from excess liquidity and lower income from intra-Group lending, partly offset by lower refinancing costs.

Dividend income, which primarily comes from Group units belonging to other segments and is therefore of an intra-Group nature, increased € 132 million to € 142 million. This was mainly owing to a dividend payment from Russia that was already made in the first quarter.

The net trading income and fair value result increased € 7 million year-on-year to minus € 29 million, mostly due to the improvement in net currency translation gains/losses.

Other net operating income increased € 8 million to € 4 million, thus returning to positive territory. This mainly related to releases of provisions in the previous year in connection with litigation at head office, which was partly compensated by lower income from intra-Group service charges.

General administrative expenses

General administrative expenses were up 11 per cent, or € 8 million, to € 76 million, primarily as a result of higher IT expenses and a rise in staff expenses due to an increased headcount.

Other result

The other result came to minus € 5 million in the reporting period, compared to a positive result of € 27 million in the comparable period of the previous year. This was mainly due to lower net income from associated companies valued at equity.

Levies and special governmental measures

The expense for levies and special governmental measures reported in the segment declined € 3 million to € 57 million. At € 43 million, the expenses for bank levies remained almost unchanged compared to the same period of the previous year. In contrast, the RBI AG contributions to the resolution fund allocated to the segment decreased € 4 million to € 14 million. In accordance with accounting standards, the expenses for bank levies for the entire year were booked in the first quarter. The € 163 million one-off payment stipulated by law is spread over four years – of which € 41 million was booked in the reporting period – and is allocated to the Corporate Center segment.

Income taxes

Tax income of € 21 million was posted in the reporting period, compared to income of € 38 million in the same period of the previous year.

Interim consolidated financial statements

(Interim report as at 31 March 2019)

Company

Raiffeisen Bank International AG (RBI AG) is registered in the commercial register of the Commercial Court of Vienna under FN 122.119m. Its address is Am Stadtpark 9, 1030 Vienna.

RBI's home market consists of Austria, where it does business as a leading commercial and investment bank, as well as Central and Eastern Europe (CEE). Subsidiary banks cover 13 markets in the region. The Group also contains many other financial service companies specializing in sectors such as leasing, clearing, settlement and payment services and asset management. All told, RBI's 47,264 employees serve about 16.3 million clients at 2,153 business outlets located mostly in CEE.

Since the company's shares are traded on a regulated market as defined in sec. 1 para. 2 of the Austrian Stock Market Act (BörseG) (prime market of the Vienna Stock Exchange) and numerous RBI AG issues are listed on a regulated market in the EU, RBI AG is required by sec. 59a of the Austrian Banking Act (BWG) to prepare consolidated financial statements in accordance with the International Financial Reporting Standards (IFRSs). The eight regional Raiffeisen banks are core shareholders that collectively hold approximately 58.8 per cent of the shares, with the remaining shares in free float.

As a credit institution within the meaning of sec. 1 of the Austrian Banking Act, RBI AG is subject to regulatory supervision by the Financial Market Authority located at Otto-Wagner-Platz 5, A-1090 Vienna (www.fma.gv.at) and the European Central Bank located at Sonnemannstraße 22, D-60314 Frankfurt am Main (www.bankingsupervision.europa.eu).

The interim report as at 31 March 2019 underwent neither a full audit nor a review by the certified auditor.

Statement of comprehensive income

Income statement

in € million	Notes	1/1-31/3/2019	1/1-31/3/2018
Interest income		1,214	1,163
Interest expenses		(390)	(334)
Net interest income	**[1]**	**825**	**829**
Dividend income	[2]	9	9
Net fee and commission income	[3]	402	410
Net trading income and fair value result	[4]	(52)	(1)
Net gains/losses from hedge accounting	[5]	6	(1)
Other net operating income	[6]	(1)	45
Operating income		**1,189**	**1,291**
Staff expenses		(379)	(384)
Other administrative expenses		(257)	(286)
Depreciation		(89)	(70)
General administrative expenses	**[7]**	**(724)**	**(740)**
Operating result		**465**	**551**
Other result	[8]	(2)	27
Levies and special governmental measures	[9]	(114)	(132)
Impairment losses on financial assets	[10]	(9)	83
Profit/loss before tax		**340**	**529**
Income taxes	[11]	(81)	(98)
Profit/loss after tax		**259**	**430**
Profit attributable to non-controlling interests		(33)	(31)
Consolidated profit/loss		**226**	**399**

Earnings per share

in € million	1/1-31/3/2019	1/1-31/3/2018
Consolidated profit/loss	226	399
Dividend claim on additional tier 1	(15)	(14)
Profit/loss attributable to ordinary shares	**211**	**386**
Average number of ordinary shares outstanding in million	329	329
Earnings per share in €	**0.64**	**1.17**

As there were no conversion rights or options outstanding, a dilution of earnings per share did not occur. The dividend on additional tier 1 capital is calculated; the effective payment is based on the decision of the Board at the respective payment date.

Other comprehensive income and total comprehensive income

in € million	Notes	1/1-31/3/2019	1/1-31/3/2018
Profit/loss after tax		**259**	**430**
Items which are not reclassified to profit or loss		**0**	**(4)**
Remeasurements of defined benefit plans	[27]	(1)	(2)
Fair value changes of equity instruments	[14]	8	(1)
Fair value changes due to changes in credit risk of financial liabilities	[24]	4	(1)
Share of other comprehensive income from companies valued at equity	[19]	(9)	0
Deferred taxes on items which are not reclassified to profit or loss	[21, 28]	(2)	0
Items that may be reclassified subsequently to profit or loss		**160**	**(22)**
Exchange differences		174	(37)
Hedge of net investments in foreign operations	[18, 26]	(36)	8
Adaptions to the cash flow hedge reserve	[18, 26]	2	2
Fair value changes of financial assets	[14]	21	(7)
Share of other comprehensive income from companies valued at equity	[19]	1	13
Other items		0	1
Deferred taxes on items which may be reclassified to profit or loss	[21, 28]	(2)	(2)
Other comprehensive income		**160**	**(25)**
Total comprehensive income		**419**	**405**
Profit attributable to non-controlling interests		(39)	(35)
hereof income statement		(33)	(31)
hereof other comprehensive income		(6)	(4)
Profit/loss attributable to owners of the parent		**380**	**370**

Currency developments resulted in a positive effect of € 174 million since the start of the year. The Russian ruble appreciated 9 per cent, resulting in a rise of € 175 million. Set against this was a hedge of the net investments in the Russian subsidiary bank, which resulted in a valuation result of minus € 36 million.

Statement of financial position

Assets in € million	Notes	31/3/2019	31/12/2018
Cash, cash balances at central banks and other demand deposits	[12]	24,447	22,557
Financial assets - amortized cost	[13]	103,158	98,756
Financial assets - fair value through other comprehensive income	[14, 31]	5,919	6,489
Non-trading financial assets - mandatorily fair value through profit/loss	[15, 31]	506	560
Financial assets - designated fair value through profit/loss	[16, 31]	3,269	3,192
Financial assets - held for trading	[17, 31]	3,805	3,894
Hedge accounting	[18]	473	457
Investments in subsidiaries and associates	[19]	973	964
Tangible fixed assets	[20]	1,816	1,384
Intangible fixed assets	[20]	687	693
Current tax assets	[21]	58	57
Deferred tax assets	[21]	123	122
Other assets	[22]	1,180	990
Total		**146,413**	**140,115**

Equity and liabilities in € million	Notes	31/3/2019	31/12/2018
Financial liabilities - amortized cost	[23]	123,645	119,074
Financial liabilities - designated fair value through profit/loss	[24, 31]	1,943	1,931
Financial liabilities - held for trading	[25, 31]	5,590	5,102
Hedge accounting	[26]	104	91
Provisions for liabilities and charges	[27]	909	856
Current tax liabilities	[28]	44	41
Deferred tax liabilities	[28]	66	60
Other liabilities	[29]	1,276	547
Equity	[30]	12,837	12,413
Consolidated equity		10,974	10,587
Non-controlling interests		739	701
Additional tier 1		1,123	1,125
Total		**146,413**	**140,115**

Statement of changes in equity

in € million	Subscribed capital	Capital reserves	Retained earnings	Cumulative other comprehensive income	Consolidated equity	Non-controlling interests	Additional tier 1	Total
Equity as at 31/12/2018	**1,002**	**4,992**	**7,587**	**(2,994)**	**10,587**	**701**	**1,125**	**12,413**
Impact of adopting IFRS 16	0	0	0	0	0	0	0	0
Equity as at 1/1/2019	**1,002**	**4,992**	**7,587**	**(2,994)**	**10,587**	**701**	**1,125**	**12,413**
Capital increases/ decreases	0	0	0	0	0	0	0	0
Allocation dividend - AT1	0	0	0	0	0	0	0	0
Dividend payments	0	0	0	0	0	(1)	0	(1)
Own shares	0	0	0	0	0	0	(2)	(2)
Other changes	0	0	7	0	7	0	0	7
Total comprehensive income	0	0	226	154	380	39	0	419
Equity as at 31/3/2019	**1,002**	**4,992**	**7,820**	**(2,840)**	**10,974**	**739**	**1,123**	**12,837**

in € million	Subscribed capital	Capital reserves	Retained earnings	Cumulative other comprehensive income	Consolidated equity	Non-controlling interests	Additional tier 1	Total
Equity as at 1/1/2018	**1,002**	**4,992**	**6,589**	**(2,808)**	**9,775**	**653**	**645**	**11,072**
Capital increases/ decreases	0	0	0	0	0	0	497	497
Allocation dividend - AT1	0	0	0	0	0	0	0	0
Dividend payments	0	0	0	0	0	0	0	0
Own shares	0	0	0	0	0	0	(14)	(14)
Other changes	0	0	11	0	11	(10)	0	1
Total comprehensive income	0	0	399	(30)	370	35	0	405
Equity as at 31/3/2018	**1,002**	**4,992**	**6,999**	**(2,837)**	**10,156**	**677**	**1,127**	**11,961**

Statement of cash flows

in € million	Notes	1/1-31/3/2019	1/1-31/3/2018
Cash, cash balances at central banks and other demand deposits as at 1/1	**[12]**	**22,557**	**16,905**
Operating activities:			
Profit/loss before tax		340	529
Adjustments for the reconciliation of profit/loss after tax to the cash flow from operating activities:			
Write-downs/write-ups of tangible fixed assets and financial investments	[7, 8, 10]	92	90
Net provisioning for liabilities and charges and impairment losses	[6, 10, 27]	12	(94)
Gains/losses from disposal of tangible fixed assets and financial investments	[8]	227	(20)
Gains/losses from companies valued at equity	[8, 19]	(23)	(20)
Net of net interest income and dividend income	[1, 2]	(834)	(837)
Interest received	[1]	1,075	969
Interest paid	[1]	(357)	(404)
Dividends received	[2]	16	10
Income taxes paid	[11]	(17)	(26)
Other adjustments (net)		94	314
Changes in assets and liabilities arising from operating activities after corrections for non-cash positions:			
Financial assets - amortized cost	[13]	(3,108)	(1,917)
Financial assets - fair value through other comprehensive income	[14, 31]	706	443
Non-trading financial assets - mandatorily fair value through profit/loss	[15, 31]	45	(474)
Financial assets - designated fair value through profit/loss	[16, 31]	(62)	281
Financial assets - held for trading	[17, 31]	212	(505)
Positive fair values from hedge accounting	[18]	0	0
Tax assets	[21]	(7)	(9)
Other assets	[22]	(131)	151
Financial liabilities - amortized cost	[23]	3,617	4,779
Financial liabilities - designated fair value through profit/loss	[24, 31]	11	(377)
Financial liabilities - held for trading	[25, 31]	247	242
Provisions for liabilities and charges	[27]	(32)	(19)
Tax liabilities	[28]	(76)	(42)
Other liabilities	[29]	451	16
Net cash from operating activities		**2,497**	**3,080**

in € million		1/1-31/3/2019	1/1-31/3/2018
Investing activities:			
Payments for purchase of:			
Investment securities and shares	[14, 15, 17, 19]	(1,251)	(765)
Tangible and intangible fixed assets	[20]	(179)	(58)
Subsidiaries		0	0
Proceeds from sale of:		**0**	**0**
Investment securities and shares	[14, 15, 17, 19]	763	652
Tangible and intangible fixed assets	[20]	46	69
Subsidiaries	[8]	0	0
Net cash from investing activities		**(620)**	**(102)**
Cash and cash equivalents from disposal of subsidiaries		0	0
Financing activities:			
Capital increases		0	497
Inflows of subordinated capital	[23, 24]	0	0
Outflows of subordinated capital	[23, 24]	0	0
Dividend payments		0	0
Changes in non-controlling interests		0	0
Net cash from financing activities		**0**	**497**
Effect of exchange rate changes		13	44
Cash, cash balances at central banks and other demand deposits as at 31/3		**24,447**	**20,425**

Segment reporting

As a rule, internal management reporting at RBI is based on the current organizational structure. This matrix structure means that each member of the Management Board is responsible both for individual countries and for specific business activities (country and functional responsibility model). A cash generating unit within the Group is a country. The presentation of the countries includes not only subsidiary banks, but all operating units of RBI in the respective countries (such as leasing companies). Accordingly, the RBI management bodies – Management Board and Supervisory Board – make key decisions that determine the resources allocated to any given segment based on its financial strength and profitability, which is why these reporting criteria are an essential component in the decision-making process. Thus, the division into segments was also undertaken in accordance with IFRS 8. The reconciliation contains mainly the amounts resulting from the elimination of intra-group results and consolidation between the segments.

This results in the following segments:

- Central Europe: Czech Republic, Hungary, Poland, Slovakia, and Slovenia
- Southeastern Europe: Albania, Bosnia and Herzegovina, Bulgaria, Croatia, Kosovo, Romania, and Serbia
- Eastern Europe: Belarus, Russia and Ukraine
- Group Corporates & Markets: operating business booked in Austria – Austrian and international corporate customers, Markets, Financial Institutions & Sovereigns, business with the Raiffeisen Banking Group (RBG) and specialized financial institution subsidiaries, e.g. Raiffeisen Centrobank AG, Kathrein Privatbank Aktiengesellschaft, Raiffeisen Leasing Group, Raiffeisen Factor Bank AG, Raiffeisen Bausparkasse Österreich Gesellschaft mbH, Valida Group (pension fund business) and Raiffeisen Kapitalanlage-Gesellschaft mit beschränkter Haftung
- Corporate Center: central control functions in RBI AG (e.g. Treasury), other Group units and minority interests (including UNIQA Insurance Group AG and LEIPNIK-LUNDENBURGER INVEST Beteiligungs AG)

1/1-31/3/2019 in € million	Central Europe	Southeastern Europe	Eastern Europe	Group Corporates & Markets
Net interest income	209	210	256	146
Dividend income	1	3	0	0
Net fee and commission income	107	96	112	88
Net trading income and fair value result	2	7	13	(16)
Net gains/losses from hedge accounting	(1)	0	0	0
Other net operating income	(6)	2	2	25
Operating income	**313**	**317**	**383**	**244**
General administrative expenses	(171)	(181)	(156)	(166)
Operating result	**142**	**137**	**227**	**78**
Other result	3	(4)	0	(3)
Levies and special governmental measures	(40)	(11)	0	(6)
Impairment losses on financial assets	(6)	0	(3)	(1)
Profit/loss before tax	**100**	**122**	**224**	**69**
Income taxes	(23)	(19)	(47)	(13)
Profit/loss after tax	**77**	**103**	**177**	**55**
Profit attributable to non-controlling interests	(14)	0	(13)	(1)
Profit/loss after deduction of non-controlling interests	**63**	**103**	**164**	**54**
Return on equity before tax	10.8%	18.5%	41.2%	7.1%
Return on equity after tax	8.4%	15.6%	32.5%	5.7%
Net interest margin (average interest-bearing assets)	2.15%	3.58%	5.71%	1.33%
Cost/income ratio	54.6%	56.9%	40.7%	68.0%
Loan/deposit ratio	101.7%	74.9%	86.5%	145.8%
Provisioning ratio (average loans to customers)	0.09%	0.00%	0.08%	0.01%
NPE ratio	2.7%	3.5%	2.8%	2.3%
NPE coverage ratio	57.2%	64.0%	60.9%	53.3%
Assets	40,487	25,539	19,328	49,391
Liabilities	37,068	22,249	16,490	51,674
Risk-weighted assets (total RWA)	21,333	15,612	13,078	22,480
Average equity	3,690	2,642	2,177	3,881
Loans to customers	28,468	14,694	12,565	28,259
Deposits from customers	29,602	19,959	14,797	26,955
Business outlets	396	963	770	24
Employees as at reporting date (full-time equivalents)	9,831	14,593	18,818	2,843
Customers in million	2.6	5.3	6.4	2.0

1/1-31/3/2019 in € million	Corporate Center	Reconciliation	Total
Net interest income	(9)	12	825
Dividend income	142	(137)	9
Net fee and commission income	(3)	1	402
Net trading income and fair value result	(29)	(28)	(52)
Net gains/losses from hedge accounting	4	3	6
Other net operating income	4	(28)	(1)
Operating income	**108**	**(176)**	**1,189**
General administrative expenses	(76)	26	(724)
Operating result	**32**	**(151)**	**465**
Other result	(5)	6	(2)
Levies and special governmental measures	(57)	0	(114)
Impairment losses on financial assets	1	(1)	(9)
Profit/loss before tax	**(29)**	**(146)**	**340**
Income taxes	21	0	(81)
Profit/loss after tax	**(8)**	**(146)**	**259**
Profit attributable to non-controlling interests	0	(4)	(33)
Profit/loss after deduction of non-controlling interests	**(8)**	**(150)**	**226**
Return on equity before tax	–	–	10.9%
Return on equity after tax	–	–	8.3%
Net interest margin (average interest-bearing assets)	–	–	2.43%
Cost/income ratio	–	–	60.9%
Loan/deposit ratio	–	–	100.8%
Provisioning ratio (average loans to customers)	–	–	0.04%
NPE ratio	–	–	2.5%
NPE coverage ratio	–	–	58.4%
Assets	36,913	(25,245)	146,413
Liabilities	24,750	(18,654)	133,576
Risk-weighted assets (total RWA)	13,920	(12,205)	74,218
Average equity	2,593	(2,362)	12,621
Loans to customers	4,038	(2,496)	85,528
Deposits from customers	1,527	(4,100)	88,741
Business outlets	–	–	2,153
Employees as at reporting date (full-time equivalents)	1,179	–	47,264
Customers in million	0.0	–	16.3

1/1-31/3/2018 in € million	Central Europe	Southeastern Europe	Eastern Europe	Group Corporates & Markets
Net interest income	248	190	247	133
Dividend income	1	2	0	3
Net fee and commission income	136	94	105	79
Net trading income and fair value result	13	8	6	18
Net gains/losses from hedge accounting	0	0	0	0
Other net operating income	(6)	13	8	63
Operating income	**391**	**308**	**366**	**294**
General administrative expenses	(220)	(169)	(149)	(160)
Operating result	**171**	**138**	**217**	**135**
Other result	1	0	0	0
Levies and special governmental measures	(55)	(10)	0	(7)
Impairment losses on financial assets	14	14	32	27
Profit/loss before tax	**130**	**142**	**248**	**154**
Income taxes	(32)	(20)	(51)	(33)
Profit/loss after tax	**99**	**122**	**197**	**122**
Profit attributable to non-controlling interests	(12)	0	(15)	(1)
Profit/loss after deduction of non-controlling interests	**87**	**122**	**182**	**120**
Return on equity before tax	14.6%	25.5%	54.8%	19.9%
Return on equity after tax	11.0%	21.9%	43.5%	15.7%
Net interest margin (average interest-bearing assets)	2.20%	3.45%	6.60%	1.32%
Cost/income ratio	56.3%	55.1%	40.7%	54.2%
Loan/deposit ratio	91.5%	73.9%	86.8%	153.6%
Provisioning ratio (average loans to customers)	(0.19)%	(0.44)%	(1.31)%	(0.91)%
NPE ratio	3.5%	4.7%	5.0%	3.1%
NPE coverage ratio	51.7%	62.6%	71.7%	45.5%
Assets	46,576	23,883	16,189	46,234
Liabilities	42,072	20,749	13,743	47,055
Risk-weighted assets (total RWA)	25,360	14,938	11,954	19,848
Average equity	3,572	2,232	1,812	3,095
Loans to customers	30,586	13,438	10,239	24,285
Deposits from customers	35,437	18,466	11,958	23,191
Business outlets	633	991	775	24
Employees as at reporting date (full-time equivalents)	13,138	14,810	18,294	2,756
Customers in million	3.4	5.3	5.8	2.1

1/1-31/3/2018 in € million	Corporate Center	Reconciliation	Total
Net interest income	0	11	829
Dividend income	10	(6)	9
Net fee and commission income	(2)	(1)	410
Net trading income and fair value result	(36)	(11)	(1)
Net gains/losses from hedge accounting	0	0	(1)
Other net operating income	(4)	(28)	45
Operating income	**(33)**	**(35)**	**1,291**
General administrative expenses	(69)	27	(740)
Operating result	**(102)**	**(8)**	**551**
Other result	27	1	27
Levies and special governmental measures	(60)	0	(132)
Impairment losses on financial assets	(1)	(2)	83
Profit/loss before tax	**(137)**	**(9)**	**529**
Income taxes	38	0	(98)
Profit/loss after tax	**(99)**	**(9)**	**430**
Profit attributable to non-controlling interests	0	(3)	(31)
Profit/loss after deduction of non-controlling interests	**(99)**	**(12)**	**399**
Return on equity before tax	–	–	18.7%
Return on equity after tax	–	–	14.9%
Net interest margin (average interest-bearing assets)	–	–	2.49%
Cost/income ratio	–	–	57.3%
Loan/deposit ratio	–	–	97.3%
Provisioning ratio (average loans to customers)	–	–	(0.43)%
NPE ratio	–	–	3.6%
NPE coverage ratio	–	–	56.2%
Assets	28,715	(21,563)	140,033
Liabilities	19,088	(14,674)	128,033
Risk-weighted assets (total RWA)	15,360	(14,358)	73,102
Average equity	2,250	(2,032)	10,927
Loans to customers	3,714	(2,035)	80,226
Deposits from customers	1,243	(3,066)	87,229
Business outlets	–	–	2,423
Employees as at reporting date (full-time equivalents)	1,038	–	50,036
Customers in million	0.0	–	16.6

Notes

Principles underlying the consolidated financial statements

Principles of preparation

The condensed interim consolidated financial statements are prepared in accordance with the International Financial Reporting Standards (IFRS) published by the International Accounting Standards Board (IASB) and the international accounting standards adopted by the EU on the basis of IAS Regulation (EC) 1606/2002 including the applicable interpretations of the International Financial Reporting Interpretations Committee (IFRIC/SIC).

Some IFRS disclosures made outside the notes form an integral part of the consolidated financial statements. These are mainly explanations on net income from segments, which are included in the notes on segment reporting. In addition to the disclosures pursuant to IFRS 7 which are included in the notes, the risk report section in particular contains detailed information on credit risk, concentration risk, market risk and liquidity risk. This information is presented in accordance with IFRS 8 Operating Segments and IFRS 7 Financial Instruments Disclosures.

Critical accounting judgments and key sources of estimation uncertainty

If estimates or assessments are necessary for accounting and measurement under IAS/IFRS, 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 the current perspective. This primarily affects impairment losses in the credit business, the fair value and impairment of financial instruments, deferred taxes, provisions for pensions and pension-related liabilities as well as the calculations used to determine the recoverability of goodwill and the intangible assets capitalized in the course of the initial consolidation. The actual amount recognized may differ from the estimated values.

Application of new and revised standards

IFRS 16 (Leases; effecive date: 1 January 2019)

For lessees, the new standard establishes an accounting model which does not distinguish between finance leases and operating leases. This means that most leases are recognized in the statement of financial position. The standard requires lessees to recognize assets and liabilities arising from for all leases with terms of more than twelve months in the statement of financial position, unless the underlying asset has a low value. The lessee recognizes a right-of-use asset representing its right to use the underlying asset. It also recognizes a lease liability representing its liability to make the lease payments. IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

IFRS 16 transitional provisions

With regard to the transitional arrangements, IFRS 16 grants RBI as lessee an accounting option concerning transitioning to the new lease standard. Lessees may choose to apply IFRS 16 through either a full retrospective approach, in which the standard is applied retrospectively to each prior reporting period presented in accordance with the provisions of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, or through a modified retrospective approach, in which the standard is applied retrospectively with the cumulative effect of initially applying IFRS 16 recognized as an adjustment in the opening balance of retained earnings as of the date of initial application.

RBI has elected to use the modified retrospective approach, which means that the comparative information will not be adjusted in the 2019 reporting period either. As lessee, RBI measured the liabilities arising from leases classified as operating leases under IAS 17 at the present value of the remaining lease payments using its incremental borrowing rate of interest at the time of first application of IFRS 16. In addition, right-of-use assets were recognized in the same amount in order to account for prepaid or deferred lease payments recognized previously. No adjustments were required to leases previously accounted for as operating leases under IAS 17, provided the underlying assets were low-value assets as defined by IFRS 16. The relevant measurement option was selected on a case-by-case basis. In addition, RBI took advantage of the practical expedient permitted to lessees on an individual basis of applying a uniform interest rate to portfolios of leases exhibiting sufficiently similar characteristics as well as to leases with remaining terms of less than twelve months. On the date of initial application, RBI took advantage of this option for its short-term leases.

If a lease was classified as a finance lease under IAS 17, RBI recognized the carrying amount of the lease asset as a right-of-use asset and the carrying amount of the lease liability as the carrying amount of the new lease liability.

If RBI is the lessor, no specific transitional provisions apply. Consequently, no adjustments to carrying amounts were made at the time of transition. The existing amounts are carried over from the date of initial application as provided for in IFRS 16.

If subleases exist (i.e. intragroup lease agreements), the sub-lessor must examine all subleases classified as operating leases to determine whether they should be classified as operating leases or finance leases under IFRS 16. In the case of subleases which were accounted for as operating leases in accordance with IAS 17 but are classified as finance leases under IFRS 16, the sub-lessor must account for the leases in the same way as for a new finance lease contract concluded as of that date.

Right-of-use assets amounting to approximately € 448 million were recognized as of 1 January 2019 based upon the initial application of IFRS 16. Nearly all of that amount related to leases for buildings for the company's own use. The carrying amount of the right-of-use asset exceeds that of the corresponding lease liabilities because of taking advance lease payments and renovation costs into account.

IFRS 16 Transition

in € million	
Operating lease commitments as at 31/12/2018	**359**
Operating lease commitments as at 31/12/2018 (discounted)	**325**
Finance lease liabilities recognized as at 31/12/2018	38
Recognition exemption for short-term leases	(7)
Recognition exemption for leases of low-value assets	(3)
Extensions and termination options reasonably certain to be exercised	88
Residual value guarantees	0
Lease liabilities recognized as at 1/1/2019	**440**

The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 January 2019 were about 3 per cent.

IFRIC 23 (Uncertainty over Income Tax Treatment; effective date: 1 January 2019)

This interpretation specifies how to reflect the effects of uncertainty in accounting for income taxes. The application of IFRIC 23 did not impact the consolidated financial statements of RBI.

Annual improvements to the IFRS Standards Cycle 2015-2017 (effective date: 1 January 2019)

Specifically, the amendments include:

- IFRS 3 Business Combinations and IFRS 11 Joint Arrangements: The amendments to IFRS 3 clarify that when an entity obtains control of a business that is a joint operation, it must remeasure its previously held interests in that business. The amendments to IFRS 11 additionally clarify that when an entity obtains joint control of a business that is a joint operation, it is not required to remeasure its previously held interests in that business.
- IAS 12 Income Taxes: The amendments clarify that all income tax consequences of dividends (i.e. distribution of profits) should be recognized in profit or loss, regardless of how the tax arises.
- IAS 23 Borrowing Costs: The amendments clarify that if any borrowing costs applicable to borrowings made specifically for the purpose of obtaining a qualifying asset remain outstanding after the related asset has been prepared for its intended use or sale, those borrowing costs are included in the calculation of the capitalization rate for the funds generally borrowed for obtaining the asset.

The application of these amendments had no effect on the consolidated financial statements of RBI.

Amendment to IAS 28 (Investments in Associates and Joint Ventures; effective date: 1 January 2019)

The amendments clarify that an entity must apply IFRS 9 – Financial Instruments (including the impairment provisions) to long-term interests in associates or joint ventures that form part of the net investment in the associate or joint venture but to which the equity method is not applied. Hence the application of IFRS 9 takes precedence over the application of IAS 28. Application of the revised IAS 28 had no significant impact on RBI's consolidated financial statements.

Amendment to IAS 19 (Plan Amendment, Curtailment or Settlement; effective date: January 1, 2019)

As a result of the amendments to IAS 19, in the event of amendment, curtailment or settlement of a defined benefit plan, it is now mandatory that the current service cost and the net interest for the remaining fiscal year be recalculated using the actuarial assumptions applied to the required remeasurement of the net liability/net asset. In addition, amendments were included to clarify the effect of a plan amendment, curtailment or settlement on the requirements regarding the asset ceiling. Application of the amendment had no effect on the consolidated financial statements of RBI.

Standards and interpretations issued but not yet effective (not yet endorsed by the EU)

Amendment to the IFRS Conceptual Framework for Financial Reporting (effective date: 1 January 2020)

The new Conceptual Framework contains revised definitions of assets and liabilities as well as new guidance on measurement and derecognition, presentation and disclosure. The Conceptual Framework was not substantially revised as was originally intended when the project was initiated in 2004. Instead, the IASB focused on topics that were not yet covered or that showed obvious shortcomings that needed to be dealt with. The revised Conceptual Framework is not subject to the endorsement process.

Amendments to IFRS 3 (Definition of a Business; effective date: 1 January 2020)

The narrow-scope amendments to IFRS 3 aim to resolve the difficulties that arise when an entity is determining whether it has acquired a business or a group of assets. The difficulties result from the fact that the accounting requirements for goodwill, acquisition costs and deferred tax differ on the acquisition of a business and on the acquisition of a group of assets. Application of the revised standard is not expected to impact the consolidated financial statements of RBI.

Amendments to IAS 1 and IAS 8 (Definition of Material; effective date: 1 January 2020)

The International Accounting Standards Board (IASB) has issued the Definition of Material (Amendments to IAS 1 and IAS 8) to clarify the definition of material and to align the definition used in the Conceptual Framework and the standards themselves. Application of the revised standard is not expected to impact the consolidated financial statements of RBI.

IFRS 17 (Insurance Contracts; effective date: 1 January 2021)

IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts within the scope of the standard. The objective of IFRS 17 is to ensure that entities provide relevant information that faithfully represents those contracts. This information gives a basis for users of financial statements to assess the effect of insurance contracts on an entity's financial position, financial performance and cash flows. IFRS 17 was issued in May 2017 and applies to annual reporting periods beginning on or after 1 January 2021. Application of the new standard is not expected to significantly impact RBI's consolidated financial statements.

Currencies

	2019		2018	
	As at	Average	As at	Average
Rates in units per €	31/3	1/1-31/3	31/12	1/1-31/3
Albanian lek (ALL)	125.310	124.730	123.410	132.194
Belarusian ruble (BYN)	2.385	2.441	2.478	2.402
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)	7.434	7.424	7.413	7.439
Czech koruna (CZK)	25.802	25.722	25.724	25.413
Hungarian forint (HUF)	321.050	318.468	320.980	311.760
Polish zloty (PLN)	4.301	4.296	4.301	4.179
Romanian leu (RON)	4.761	4.724	4.664	4.658
Russian ruble (RUB)	72.856	75.693	79.715	69.777
Serbian dinar (RSD)	117.880	118.133	118.320	118.368
Ukrainian hryvnia (UAH)	30.580	31.188	31.713	33.354
US dollar (USD)	1.124	1.140	1.145	1.225

Consolidated group

	Fully consolidated	
Number of units	**31/3/2019**	**31/12/2018**
As at beginning of period	**226**	**236**
Included for the first time in the financial period	1	9
Merged in the financial period	0	(2)
Excluded in the financial period	(9)	(17)
As at end of period	**218**	**226**

The company included for the first time is engaged in leasing activities. In the reporting period, nine subsidiaries from leasing and real estate business were excluded from the consolidated group due to immateriality.

Notes to the income statement

(1) Net interest income

in € million	1/1-31/3/2019	1/1-31/3/2018
Interest income	**1,214**	**1,163**
Financial assets - held for trading	97	81
Non-trading financial assets - mandatorily fair value through profit/loss	3	5
Financial assets - designated fair value through profit/loss	8	14
Financial assets - fair value through other comprehensive income	44	27
Financial assets - amortized cost	1,008	966
Derivatives – hedge accounting, interest rate risk	38	53
Other assets	4	3
Interest income on financial liabilities	12	13
Interest expenses	**(390)**	**(334)**
Financial liabilities - held for trading	(119)	(56)
Financial liabilities - designated fair value through profit/loss	(14)	(15)
Financial liabilities - amortized cost	(228)	(237)
Derivatives – hedge accounting, interest rate risk	(14)	(9)
Other liabilities	(1)	(4)
Interest expenses on financial assets	(14)	(13)
Total	**825**	**829**

Interest income calculated using the effective interest method amounted to € 1,052 million (prior year period: € 993 million). Net interest income included interest income of € 152 million (prior year period: € 128 million) from mark-to-market financial assets, and interest expenses of € 133 million (prior year period: € 71 million) from market-to-market financial liabilities.

in € million	1/1-31/3/2019	1/1-31/3/2018
Net interest income	825	829
Average interest-bearing assets	135,916	132,895
Net interest margin in per cent	**2.43%**	**2.49%**

Net interest income decreased slightly € 4 million to € 825 million. The reduction was solely attributable to the decrease of € 61 million in Poland's net interest income, which resulted from the sale of the Polish core banking business. In all other countries of the Group, the development of net interest income was positive or stable. Romania reported the biggest increase of € 15 million, primarily as a result of higher interest rates and larger volumes. In the Czech Republic, higher market interest rates and growth in lending to customers also led to a rise in net interest income of € 15 million. In Ukraine, net interest income was up € 7 million due to higher interest rates and increased lending to non-financial corporations and households.

The decline in the net interest margin was driven largely by the negative margin development in Russia and the sale of the core banking business in Poland. In Russia, the net interest margin decreased as a result of currency effects and lower basis spreads for underlying swap transactions. In addition, a higher proportion of average interest-bearing assets at head office led to a drop in margins, as the margins on a large portion of those assets are lower in view of the lower risk.

(2) Dividend income

in € million	1/1-31/3/2019	1/1-31/3/2018
Non-trading financial assets - mandatorily fair value through profit/loss	0	0
Financial assets - fair value through other comprehensive income	5	6
Investments in subsidiaries and associates	4	3
Total	**9**	**9**

(3) Net fee and commission income

in € million	1/1-31/3/2019	1/1-31/3/2018[1]
Clearing, settlement and payment services	164	170
Loan and guarantee business	46	47
Securities	13	15
Asset management	54	55
Custody	14	12
Customer resources distributed but not managed	11	9
Foreign exchange	85	91
Other	16	10
Total	**402**	**410**
Fee and commission income	580	588
Fee and commission expenses	(179)	(178)

1 Adaptation of previous year's figures due to a change in presentation

(4) Net trading income and fair value result

in € million	1/1-31/3/2019	1/1-31/3/2018
Net gains/losses on financial assets and liabilities - held for trading	**(229)**	**(19)**
Derivatives	(225)	(8)
Equity instruments	(1)	(9)
Debt securities	8	(6)
Loans and advances	2	1
Short positions	(2)	0
Deposits	(14)	(1)
Debt securities issued	0	2
Other financial liabilities	2	2
Net gains/losses on non-trading financial assets - mandatorily fair value through profit or loss	**8**	**0**
Debt securities	4	0
Loans and advances	4	0
Net gain/losses on financial assets and liabilities - designated fair value through profit/loss	**12**	**(7)**
Debt securities	20	(20)
Deposits	(2)	7
Debt securities issued	(6)	6
Exchange differences, net	**157**	**26**
Total	**(52)**	**(1)**

Net trading income was down € 51 million year-on-year. This decline was due to valuations of derivatives held for economic hedge purposes. As these are hedges, the valuations are neutralized over the portfolio's term.

In total, losses of € 225 million were recorded on derivatives in the reporting period (comparable period: losses of € 8 million). Derivates are mainly used to hedge interest rate and currency risks. Much of these losses are offset by (net) currency translation gains of € 157 million (comparable period: € 26 million), mostly relating to changes in the Russian ruble exchange rate and in US dollar and Swiss franc exposures at head office.

The change in net income from debt securities held for trading of € 14 million to € 8 million was mainly due to disposal gains at head office that were partly offset by valuation losses in Russia. The deposits held for trading were primarily affected by losses on spot transactions in Russia. The losses were incurred in connection with the hedging of foreign currency transactions with customers; corresponding fee and commission income is included in net fee and commission income. Opposite valuation gains/losses or realized net gains/losses on foreign exchange derivatives that are used in this connection and held for economic hedge purposes are included in the derivatives item.

The changes of € 40 million in debt securities – designated fair value through profit/loss and of minus € 12 million in debt securities issued – designated fair value through profit/loss were primarily caused by interest-rate-induced valuation changes at head office. These changes are set against opposite valuation gains/losses on derivatives held for economic hedge purposes that are presented in the net gains/losses on financial assets and liabilities – held for trading item.

(5) Net gains/losses from hedge accounting

in € million	1/1-31/3/2019	1/1-31/3/2018
Fair value changes of the hedging instruments	33	(16)
Fair value changes of the hedged items attributable to the hedged risk	(27)	15
Ineffectiveness of cash flow hedge recognized in profit or loss	0	0
Total	**6**	**(1)**

Net gains/losses from hedge accounting improved year-on-year mainly due to the results at head office.

(6) Other net operating income

in € million	1/1-31/3/2019	1/1-31/3/2018
Gains/losses on derecognition of financial assets and liabilities - not measured at fair value through profit/loss	4	16
Gains/losses on derecognition of non-financial assets held for sale	1	3
Net income arising from non-banking activities	8	5
Net income from additional leasing services	0	0
Net income from insurance contracts	(2)	0
Net rental income from investment property incl. operating lease (real estate)	10	15
Net expense from allocation and release of other provisions	(3)	11
Other taxes	(16)	(14)
Sundry operating income/expenses	(1)	9
Total	**(1)**	**45**

Other net operating income decreased € 46 million year-on-year. Net expense from allocations and release of other provisions decreased by € 14 million, mainly relating to net releases of provisions in the comparable period in connection with litigation involving the head office and Russia. The € 12 million decrease in the derecognition of financial assets and liabilities item was mostly due to a sale of registered bonds at head office in the comparable period. Net rental income from investment property incl. operating leases was down € 6 million to € 10 million. This mainly related to € 7 million in lease expenses recognized in this item due to the application of IFRS 16.

(7) General administrative expenses

in € million	1/1-31/3/2019	1/1-31/3/2018
Staff expenses	(379)	(384)
Other administrative expenses	(257)	(286)
Depreciation of tangible and intangible fixed assets	(89)	(70)
Total	**(724)**	**(740)**

The sale of the Polish core banking operations resulted in a decrease of € 54 million. Exchange rate developments led to an € 8 million reduction in general administrative expenses in the reporting period, mainly due to an 8 per cent depreciation of the Russian ruble.

The adoption of IFRS 16 mainly resulted in a reclassification of expenses from other administrative expenses to depreciation.

Staff expenses

in € million	1/1-31/3/2019	1/1-31/3/2018
Wages and salaries	(295)	(302)
Social security costs and staff-related taxes	(67)	(68)
Other voluntary social expenses	(9)	(10)
Sundry staff expenses	(7)	(5)
Total	**(379)**	**(384)**

Staff expenses decreased 1 per cent to € 379 million. While the sale of the Polish core banking operations and currency effects led to a reduction in staff expenses, salary increases and higher expenses due to growth in the workforce resulted in an increase in staff expenses mostly at head office and in Ukraine, Russia, Romania and Slovakia. The average headcount decreased year-on-year – likewise due to the sale of the Polish core banking operations – by 2,843 full-time equivalents to 47,162 employees. Excluding Poland the number of full-time equivalents increased 1,095 mainly in Russia and at head office.

Other administrative expenses

in € million	1/1-31/3/2019	1/1-31/3/2018
Office space expenses	(24)	(54)
IT expenses	(79)	(77)
Legal, advisory and consulting expenses	(25)	(26)
Advertising, PR and promotional expenses	(23)	(26)
Communication expenses	(14)	(16)
Office supplies	(5)	(5)
Car expenses	(3)	(4)
Deposit insurance fees	(44)	(37)
Security expenses	(11)	(10)
Traveling expenses	(3)	(4)
Training expenses for staff	(4)	(3)
Sundry administrative expenses	(23)	(24)
Total	**(257)**	**(286)**

Other administrative expenses decreased € 29 million to € 257 million. The decrease was mainly due to the sale of the Polish core banking operations (€ 20 million) and the reduction in office space expenses as a result of the application of IFRS 16. Higher deposit insurance fees resulted in an € 8 million increase in other administrative expenses, primarily in Romania and Russia.

Depreciation of tangible and intangible fixed assets

in € million	1/1-31/3/2019	1/1-31/3/2018
Tangible fixed assets	(53)	(35)
hereof right-of-use assets	(20)	-
Intangible fixed assets	(35)	(35)
Total	**(89)**	**(70)**

Depreciation of tangible and intangible fixed assets rose 28 per cent or € 19 million. While depreciation of tangible and intangible fixed assets was near-constant, the application of IFRS 16 led to the recognition of € 20 million in depreciation on right-of-use assets. This mainly relates to tenancies in connection with the use of buildings for the Group's own purposes. These were offset by lower other administrative expenses (primarily office space expenses).

(8) Other result

in € million	1/1-31/3/2019	1/1-31/3/2018
Impairment or reversal of impairment on investments in subsidiaries and associates	**(15)**	**7**
Impairment on non-financial assets	**(3)**	**(1)**
Goodwill	0	0
Other	(3)	(1)
Current income from investments in subsidiaries and associates	**23**	**19**
Result from non-current assets and disposal groups classified as held for sale and deconsolidation	**(7)**	**2**
Net income from non-current assets and disposal groups classified as held for sale	2	1
Result of deconsolidations	(9)	1
Total	**(2)**	**27**

Current income from investments in associates valued at equity increased € 4 million year-on-year to € 23 million. While dividend income from Raiffeisen Informatik GmbH amounted to € 15 million (up € 12 million) impairments of € 20 million were booked. The reversal of impairment on the investment in UNIQA Insurance Group AG and current income were down € 6 million year-on-year.

The result of deconsolidation amounted to minus € 9 million and related to net assets of € 13 million. In the reporting period, nine subsidiaries from leasing and real estate business were excluded from the consolidated group due to immateriality.

(9) Levies and special governmental measures

in € million	1/1-31/3/2019	1/1-31/3/2018
Bank levies	(66)	(70)
Resolution fund	(48)	(62)
Total	**(114)**	**(132)**

Most of the expense for bank levies was already booked in the first quarter for the entire year. This affects head office with a one-off payment of € 41 million and Hungary with € 13 million. Current payments affect Slovakia in the amount of € 6 million (comparable period: € 5 million) and Poland in the amount of € 2 million (comparable period: € 7 million). The decrease in Poland relates to the sale of the core banking operations.

Contributions to the resolution fund, which have to be recognized in full at the start of the year, decreased € 14 million to € 48 million. The decrease resulted from the sale of the Polish core banking operations (a reduction of € 12 million) and lower contributions at head office and in Slovakia. Conversely, contributions to the resolution fund in the Czech Republic increased.

(10) Impairment losses on financial assets

in € million	1/1-31/3/2019	1/1-31/3/2018
Loans and advances	(24)	50
Debt securities	1	(4)
Loan commitments, financial guarantees and other commitments given	14	38
Total	**(9)**	**83**

In the comparable period, releases of impairments and sales of non-performing loans resulted in a net release of € 83 million in impairments losses on financial assets. This contrasted with a net allocation of € 9 million in the reporting period. The largest changes were at head office (minus € 21 million) and in Russia (minus € 21 million), Poland (minus € 26 million) and Ukraine (minus € 13 million). In the previous year, an additional € 25 million in impairments relating to off-balance sheet liabilities were released due to a positive court ruling in connection with the insolvency of an Icelandic bank.

(11) Income taxes

in € million	1/1-31/3/2019	1/1-31/3/2018
Current income taxes	(81)	(86)
Austria	8	5
Foreign	(88)	(91)
Deferred taxes	(1)	(12)
Total	**(81)**	**(98)**

Tax expense decreased € 13 million on the sale of the Polish core banking operations. In addition, deductible temporary differences for financial liabilities held for trading at Raiffeisen Bausparkasse went up € 8 million. This was partially offset by a € 5 million increase in withholding tax at the head office due to dividend income from Russia.

The effective tax rate rose 5.2 percentage points to 23.8 per cent. The increase was primarily the result of the head office's lower earnings contribution and the loss situation in Poland.

Notes to the statement of financial position

(12) Cash, cash balances at central banks and other demand deposits

in € million	31/3/2019	31/12/2018
Cash in hand	3,921	4,132
Balances at central banks	14,015	14,599
Other demand deposits at banks	6,511	3,827
Total	**24,447**	**22,557**

The item balances at central banks includes € 282 million (31/12/2018: € 278 million) of minimum reserves at central banks which are not freely available. The increase in other demand deposits at banks is primarily the result of an increase in sale and repurchase transactions at head office. The item other demand deposits at banks includes € 2,025 million (31/12/2018: € 1,309 million) in cash securities, mainly for borrowed securities. The increase was largely attributable to higher cash securities at head office.

(13) Financial assets - amortized cost

	31/3/2019			31/12/2018
in € million	Gross carrying amount	Accumulated impairment	Carrying amount	Carrying amount
Debt securities	**8,667**	**(6)**	**8,661**	**8,162**
Central banks	187	0	187	87
General governments	6,249	(1)	6,248	5,997
Banks	1,373	0	1,373	1,241
Other financial corporations	483	(2)	482	464
Non-financial corporations	375	(3)	372	373
Loans and advances	**97,001**	**(2,504)**	**94,497**	**90,594**
Central banks	4,440	0	4,440	4,863
General governments	1,394	(3)	1,391	913
Banks	4,803	(9)	4,794	5,134
Other financial corporations	8,147	(67)	8,079	6,635
Non-financial corporations	45,305	(1,323)	43,982	41,995
Households	32,911	(1,101)	31,810	31,053
Total	**105,668**	**(2,510)**	**103,158**	**98,756**

The carrying amount of financial assets - amortized cost rose € 4,402 million compared to year-end 2018. This increase was chiefly the result of short-term financing business and sale and repurchase transactions with other financial corporations and a rise in loans and advances to non-financial corporations at head office. In addition, an increase in lending business to non-financial corporations and households was recorded in Russia, partly fueled by exchange rate developments. Organic growth in the lending business and an increase in sale and repurchase transactions were reported in Slovakia.

(14) Financial assets - fair value through other comprehensive income

in € million	31/3/2019 Gross carrying amount	31/3/2019 Accumulated impairment	31/3/2019 Carrying amount	31/12/2018 Carrying amount
Equity instruments	**265**	**-**	**265**	**276**
Banks	25	-	25	26
Other financial corporations	142	-	142	155
Non-financial corporations	98	-	98	96
Debt securities	**5,658**	**(4)**	**5,654**	**6,213**
Central banks	758	0	758	1,323
General governments	3,422	(4)	3,419	3,450
Banks	1,210	0	1,209	1,174
Other financial corporations	152	0	152	155
Non-financial corporations	116	0	116	112
Total	**5,923**	**(4)**	**5,919**	**6,489**

The carrying amount of financial assets - fair value through other comprehensive income decreased € 570 million compared to year-end 2018. The change resulted mainly from the repayment of Russian government bonds.

(15) Non-trading financial assets - mandatorily fair value through profit/loss

in € million	31/3/2019	31/12/2018
Equity instruments	**104**	**103**
Banks	1	1
Non-financial corporations	103	102
Debt securities	**143**	**187**
General governments	121	165
Banks	9	9
Other financial corporations	10	9
Non-financial corporations	3	3
Loans and advances	**258**	**270**
General governments	4	4
Banks	2	2
Other financial corporations	2	2
Non-financial corporations	137	145
Households	114	117
Total	**506**	**560**

(16) Financial assets - designated fair value through profit/loss

in € million	31/3/2019	31/12/2018
Debt securities	**3,269**	**3,192**
General governments	2,869	2,788
Banks	266	272
Non-financial corporations	135	132
Total	**3,269**	**3,192**

(17) Financial assets - held for trading

in € million	31/3/2019	31/12/2018
Derivatives	**2,033**	**1,972**
Interest rate contracts	1,254	1,152
Equity contracts	178	121
Foreign exchange rate and gold contracts	597	695
Credit contracts	1	2
Commodities	2	3
Equity instruments	**343**	**226**
Banks	63	41
Other financial corporations	90	59
Non-financial corporations	190	126
Debt securities	**1,418**	**1,695**
General governments	886	923
Banks	359	455
Other financial corporations	88	171
Non-financial corporations	85	146
Loans and advances	**10**	**0**
Non-financial corporations	10	0
Total	**3,805**	**3,894**

Securities under financial assets - held for trading provided as collateral, which the recipient is entitled to sell or pledge, amounted to € 58 million (31/12/2018: € 309 million).

Details on derivatives are shown under (41) Derivative financial instruments.

(18) Hedge accounting

in € million	31/3/2019	31/12/2018
Positive fair values of derivatives in micro fair value hedge	**378**	**358**
Interest rate contracts	361	343
Foreign exchange rate and gold contracts	17	15
Positive fair values of derivatives in micro cash flow hedge	**3**	**2**
Interest rate contracts	3	2
Positive fair values of derivatives in net investment hedge	**0**	**17**
Positive fair values of derivatives in portfolio hedge	**130**	**124**
Cash flow hedge	3	2
Fair value hedge	127	122
Fair value changes of the hedged items in portfolio hedge of interest rate risk	**(39)**	**(43)**
Total	**473**	**457**

(19) Investments in subsidiaries and associates

in € million	31/3/2019	31/12/2018
Investments in affiliated companies	204	199
Investments in associates valued at equity	769	765
Total	**973**	**964**

Investments in associates valued at equity are as follows:

in € million	Share in % 31/3/2019	Carrying amount 31/3/2019	Carrying amount 31/12/2018
card complete Service Bank AG, Vienna (AT)	25.0%	25	26
EMCOM Beteiligungs GmbH, Vienna (AT)	33.6%	7	7
LEIPNIK-LUNDENBURGER INVEST Beteiligungs AG, Vienna (AT)	33.1%	203	199
NOTARTREUHANDBANK AG, Vienna (AT)	26.0%	10	9
Österreichische Hotel- und Tourismusbank Ges.m.b.H., Vienna (AT)	31.3%	10	10
Oesterreichische Kontrollbank AG, Vienna (AT)	8.1%	48	50
Prva stavebna sporitelna a.s., Bratislava (SK)	32.5%	67	66
Raiffeisen Informatik GmbH, Vienna (AT)	47.6%	49	49
Raiffeisen-Leasing Management GmbH, Vienna (AT)	50.0%	13	13
UNIQA Insurance Group AG, Vienna (AT)	10.9%	327	327
Posojilnica Bank eGen, Klagenfurt (AT)[1]	61.5%	10	10
Total		**769**	**765**

1 Share of voting rights amounts to 49 per cent.

(20) Tangible and intangible fixed assets

in € million	31/3/2019	31/12/2018
Tangible fixed assets	**1,816**	**1,384**
Land and buildings used by the group for own purpose	555	571
Other land and buildings (investment property)	270	274
Office furniture, equipment and other tangible fixed assets	271	275
Leased assets (operating lease)	269	264
Right-of-use assets	452	0
Intangible fixed assets	**687**	**693**
Software	565	571
Goodwill	95	96
Brand	9	8
Customer relationships	7	8
Other intangible fixed assets	10	11
Total	**2,503**	**2,077**

The increase in tangible fixed assets mainly reflects the right-of-use assets recognized on the statement of financial position following the adoption of IFRS 16.

In the reporting period, € 34 million was invested in software.

(21) Tax assets

in € million	31/3/2019	31/12/2018
Current tax assets	58	57
Deferred tax assets	123	122
Temporary tax claims	112	102
Loss carry forwards	11	20
Total	**181**	**179**

(22) Other assets

in € million	31/3/2019	31/12/2018
Prepayments and other deferrals	274	283
Lease in progress	58	46
Merchandise inventory and suspense accounts for services rendered not yet charged out	217	194
Non-current assets and disposal groups classified as held for sale	77	54
Other assets	554	413
Total	**1,180**	**990**

Merchandise inventory and suspense accounts for services rendered not yet charged out included € 155 million (31/12/2018: € 129 million) in property under construction or not yet sold of Raiffeisen Leasing Group in Austria and Italy.

Non-current assets and disposal groups classified as held for sale mainly consisted of two buildings owned by Raiffeisen Immobilien-fonds, Vienna, in an amount of € 51 million (31/12/2018: € 50 million) and the recently added assets of MP Real Invest a.s., Bratislava, which are carried at € 22 million.

(23) Financial liabilities - amortized cost

The following table provides a breakdown of deposits from banks and customers by product and a breakdown of debt securities issued:

in € million	31/3/2019	31/12/2018
Deposits from banks	**26,860**	**23,960**
Current accounts/overnight deposits	12,538	9,994
Deposits with agreed maturity	12,067	13,229
Repurchase agreements	2,255	738
Deposits from customers	**88,387**	**86,623**
Current accounts/overnight deposits	58,649	58,706
Deposits with agreed maturity	29,135	27,770
Repurchase agreements	604	148
Debt securities issued	**7,892**	**7,967**
Certificates of deposits	1	1
Covered bonds	733	727
Other debt securities issued	7,158	7,239
hereof convertible compound financial instruments	1,224	1,340
hereof non-convertible	5,935	5,899
Other financial liabilities	**505**	**524**
Total	**123,645**	**119,074**
hereof subordinated financial liabilities	2,760	2,765

The increase in deposits from banks is almost exclusively concentrated at head office. Current accounts/overnight deposits increased € 2,545 million at head office, while deposits with agreed maturity declined € 915 million. Sale and repurchase transactions went up € 1,528 million at head office.

Regarding deposits from customers, current accounts/overnight deposits stayed stable overall. Declines in this item at head office (down € 784 million) were offset by increases in Russia (€ 979 million).

The item deposits with agreed maturity includes € 447 million in lease liabilities. The remainder of the increase in deposits with agreed maturity, which comes to € 1,188 million, stems from head office.

The following table provides a breakdown of deposits from banks and customers by asset classes:

in € million	31/3/2019	31/12/2018
Central banks	1,786	2,147
General governments	3,159	2,720
Banks	25,074	21,813
Other financial corporations	9,824	9,458
Non-financial corporations	31,009	31,350
Households	44,395	43,096
Total	**115,247**	**110,583**

The increase in deposits from banks is almost exclusively the result of sale and repurchase transactions and overnight deposits at head office. The change in deposits from households mainly reflects increases of € 511 million in Russia, € 150 million in Slovakia and € 103 million in the Czech Republic.

(24) Financial liabilities - designated fair value through profit/loss

in € million	31/3/2019	31/12/2018
Deposits from banks	**25**	**20**
Deposits with agreed maturity	25	20
Deposits from customers	**354**	**415**
Deposits with agreed maturity	354	415
Debt securities issued	**1,565**	**1,496**
Other debt securities issued	1,565	1,496
hereof convertible compound financial instruments	10	10
hereof non-convertible	1,554	1,486
Total	**1,943**	**1,931**
hereof subordinated financial liabilities	389	386

The difference between the current fair value of these designated liabilities and the amounts contractually required to be paid at maturity was minus € 406 million at the time of reclassification (31/12/2018: minus € 404 million). There have been no significant transfers within equity or derecognition of liabilities designated at fair value in the reporting period.

(25) Financial liabilities - held for trading

in € million	31/3/2019	31/12/2018
Derivatives	**2,083**	**2,035**
Interest rate contracts	1,051	925
Equity contracts	296	366
Foreign exchange rate and gold contracts	647	647
Credit contracts	5	3
Commodities	2	3
Other	82	91
Short positions	**391**	**318**
Equity instruments	99	92
Debt securities	291	226
Debt securities issued	**3,116**	**2,749**
Hybrid contracts	2,728	2,383
Other debt securities issued	388	366
hereof convertible compound financial instruments	388	366
Total	**5,590**	**5,102**

Details on derivatives are shown under (41) Derivative financial instruments.

(26) Hedge accounting

in € million	31/3/2019	31/12/2018
Negative fair values of derivatives in micro fair value hedge	**21**	**21**
Interest rate contracts	21	21
Negative fair values of derivatives in micro cash flow hedge	**5**	**5**
Interest rate contracts	5	5
Negative fair values of derivatives in net investment hedge	**8**	**0**
Negative fair values of derivatives in portfolio hedge	**116**	**127**
Cash flow hedge	8	12
Fair value hedge	108	115
Fair value changes of the hedged items in portfolio hedge of interest rate risk	**(46)**	**(62)**
Total	**104**	**91**

(27) Provisions for liabilities and charges

in € million	31/3/2019	31/12/2018
Provisions for off-balance sheet items	**113**	**126**
Other commitments and guarantees according to IFRS 9	113	126
Other commitments and guarantees according to IAS 37	0	0
Provisions for staff	**480**	**459**
Pensions and other post employment defined benefit obligations	190	189
Other long-term employee benefits	37	36
Bonus payments	191	176
Provisions for overdue vacations	56	50
Termination benefits	7	7
Other provisions	**315**	**271**
Pending legal issues and tax litigation	91	89
Restructuring	3	2
Onerous contracts	67	66
Other provisions	154	113
Total	**909**	**856**

The increase in other provisions is related to services already rendered and not yet charged.

(28) Tax liabilities

in € million	31/3/2019	31/12/2018
Current tax liabilities	44	41
Deferred tax liabilities	66	60
Total	**110**	**101**

(29) Other liabilities

in € million	31/3/2019	31/12/2018
Liabilities from insurance activities	1	1
Deferred income and accrued expenses	359	335
Sundry liabilities	914	211
Liabilities included in disposal groups classified as held for sale	3	0
Total	**1,276**	**547**

The increase in other liabilities is attributable to transactions related to clearing, settlement and payment services that had not cleared as at the reporting date.

(30) Equity

in € million	31/3/2019	31/12/2018
Consolidated equity	10,974	10,587
Subscribed capital	1,002	1,002
Capital reserves	4,992	4,992
Retained earnings	7,820	7,587
hereof consolidated profit/loss	226	1,270
Cumulative other comprehensive income	(2,840)	(2,994)
Non-controlling interests	739	701
Additional tier 1	1,123	1,125
Total	**12,837**	**12,413**

As at 31 March 2019, subscribed capital of RBI AG as defined by the articles of incorporation amounted to € 1,003 million. After deduction of 322,204 own shares, the stated subscribed capital totaled € 1,002 million.

The Management Board will propose a dividend payment of € 0.93 per share for the 2018 financial year to the Annual General Meeting. This would correspond to a maximum dividend payout of € 306 million.

Notes to financial instruments

(31) Fair value of financial instruments

Fair value of financial instruments reported at fair value

Assets	31/3/2019			31/12/2018		
in € million	Level I	Level II	Level III	Level I	Level II	Level III
Financial assets - held for trading	**1,572**	**2,223**	**10**	**1,615**	**2,279**	**0**
Derivatives	55	1,978	0	43	1,929	0
Equity instruments	343	0	0	225	1	0
Debt securities	1,173	245	0	1,346	349	0
Loans and advances	0	0	10	0	0	0
Non-trading financial assets - mandatorily fair value through profit/loss	**202**	**42**	**263**	**194**	**54**	**312**
Equity instruments	104	0	0	103	0	0
Debt securities	97	42	4	91	54	42
Loans and advances	0	0	258	0	0	270
Financial assets - designated fair value through profit/loss	**3,213**	**56**	**0**	**3,135**	**57**	**0**
Equity instruments	0	0	0	0	0	0
Debt securities	3,213	56	0	3,135	57	0
Financial assets - fair value through other comprehensive income	**5,171**	**542**	**206**	**5,708**	**571**	**210**
Equity instruments	60	57	148	79	48	148
Debt securities	5,111	485	58	5,628	523	62
Hedge accounting	**0**	**511**	**0**	**0**	**501**	**0**

Liabilities	31/3/2019			31/12/2018		
in € million	Level I	Level II	Level III	Level I	Level II	Level III
Financial liabilities - held for trading	**471**	**5,119**	**0**	**344**	**4,757**	**1**
Derivatives	46	2,037	0	36	1,998	0
Short positions	373	18	0	308	10	0
Debt securities issued	52	3,065	0	0	2,749	1
Financial liabilities - designated fair value through profit/loss	**0**	**1,943**	**0**	**0**	**1,931**	**0**
Deposits	0	379	0	0	435	0
Debt securities issued	0	1,565	0	0	1,496	0
Hedge accounting	**0**	**150**	**0**	**0**	**153**	**0**

Fair value hierarchy

Level I

Level I inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access on the measurement date (IFRS 13.76).

Level II

Level II financial instruments are financial instruments measured using valuation techniques based on observable market data, the fair value of which can be determined from similar financial instruments traded on active markets or valuation techniques whose input parameters are directly or indirectly observable (IFRS 13.81 ff).

Level III

Level III inputs are input factors which are unobservable for the asset or liability (IFRS 13.86). The fair value is calculated using valuation techniques.

Movements between Level I and Level II

There were no material transfers between Level I and Level II compared to the end of the year.

Movements in Level III of financial instruments at fair value

The following tables show the changes in the fair value of financial instruments whose fair value cannot be calculated on the basis of observable market data and are therefore subject to other measurement models. Financial instruments in this category have a value component which is unobservable directly or indirectly on the market and which has a material impact on the fair value.

Assets in € million	As at 1/1/2019	Change in consolidated group	Exchange differences	Additions	Disposals
Financial assets - held for trading	0	0	0	32	(22)
Non-trading financial assets - mandatorily fair value through profit/loss	312	0	(3)	3	(55)
Financial assets - designated fair value through profit/loss	0	0	0	0	0
Financial assets - fair value through other comprehensive income	210	0	5	0	(10)

Assets in € million	Gains/loss in P/L	Gain/loss in other comprehensive income	Transfer to Level III	Transfer from Level III	As at 31/3/2019
Financial assets - held for trading	0	0	0	0	10
Non-trading financial assets - mandatorily fair value through profit/loss	5	0	0	0	263
Financial assets - designated fair value through profit/loss	0	0	0	0	0
Financial assets - fair value through other comprehensive income	1	(1)	0	0	206

Liabilities in € million	As at 1/1/2019	Change in consolidated group	Exchange differences	Additions	Disposals
Financial liabilities - held for trading	1	0	0	0	0

Liabilities in € million	Gains/loss in P/L	Gain/loss in other comprehensive income	Transfer to Level III	Transfer from Level III	As at 31/3/2019
Financial liabilities - held for trading	0	0	0	(1)	0

Qualitative information for the valuation of financial instruments in Level III

Assets 31/3/2019	Fair value in € million[1]	Valuation technique	Significant unobservable inputs	Range of unobservable inputs
Financial assets - held for trading	**10**			
Closed end real estate fund	0	Net asset value	Haircuts	Equity investments haircuts (40)% Short/long-term financial assets haircuts (90)% Real-estate investments haircuts appr. 50%
Treasury bills, fixed coupon bonds	0	Discounted cash flow method	Creadit spread (all base rate - last auctions yields)	10 - 40%
Forward foreign exchange contracts	0	Net present value method (DCF method)	Interest rate PD LGD	10 - 30%
Loans	10	Discounted cash flow method	Discount spread, credit spread range (CDS curves)	-

Assets 31/3/2019	Fair value in € million[1]	Valuation technique	Significant unobservable inputs	Range of unobservable inputs
Non-trading financial assets - mandatorily fair value through profit/loss	**263**			
Other interests (shares)	0	Simplified net present value method	–	–
Fixed coupon bonds	4	Discounted cash flow method	Realization rate Credit spread	10 - 20% 0,4 - 50%
Loans	258	Retail: Discounted cash flows (incl. prepayment option, withdrawal option etc.) Non Retail: Discounted cash flows/Financial option pricing Hull-White one factor model, Black-Scholes (shifted)	Discount spread (taken over new business issues) Prepayment rates Withdrawal rates Funding curves (for liquidity costs) Credit risk premium (CDS curves)	1.5 - 3.45% (over all currencies) (0.158572) - 1.10578% over all funding costs (expressed in all currencies) 0.094947% - 11.43995% (depending on the rating: from AA to CCC)
Financial assets - designated fair value through profit/loss	**0**			
Fixed coupon bonds	0	Discounted cash flow (incl. expert opinion)	Credit spread Price cap Haircuts	1 - 50% 30% 5%
Financial assets - fair value through other comprehensive income	**206**			
Other interests	41	Dividend Discount Model Simplified income approach DCF method	Credit spread Cash flow Discount rate Dividends Beta factor	–
Other interests	41	Adjusted net asset value	Adjusted equity	–
Other interests	66	Market comparable companies Transaction price Valuation report (expert judgement) Cost minus impairment	EV/Sales EV/EBIT P/E P/B	–
Mortgage bonds/fixed coupon bonds and floating rate notes	58	Discounted cash flow method	Prepayment rate Embedded option premium Net interest rate/Discount spread	25.1 - 50.5% (37.9%) 0.11 - 0.36% (0.35%) 1 - 50%
Total	**479**			

1 Values stated at 0 contain fair values of less than half a million euros.

Liabilities 31/3/2019	Fair value in € million[1]	Valuation technique	Significant unobservable inputs	Range of unobservable inputs
Financial liabilities - held for trading	**0**			
Forward foreign exchange contracts	0	Net present value method	Interest rate	10 - 30%
Certificates	0	Combination of Down-And-In-Put-Option and Discounted CF	Volatility Dividends	-
Total	**0**			

1 Values stated at 0 contain fair values of less than half a million euros.

Fair value of financial instruments not reported at fair value

The financial instruments in the following table are not managed on a fair value basis and are therefore not measured at fair value in the statement of financial position. For these instruments the fair value is calculated only for the purposes of providing information in the notes, and has no impact on the consolidated statement of financial position or on the consolidated income statement.

31/3/2019 in € million	Level I	Level II	Level III	Fair value	Carrying amount	Difference
Assets						
Financial assets - amortized cost	**6,074**	**25,530**	**98,397**	**130,001**	**127,778**	**2,223**
Cash and cash equivalents	0	24,447	0	24,447	24,447	0
Debt securities	6,074	1,082	1,644	8,800	8,661	139
Loans and advances	0	0	96,581	96,581	94,497	2,084
Investments in affiliated companies[1]	0	0	173	173	173	0
Liabilities						
Financial liabilities - amortized cost	**13**	**7,642**	**115,474**	**123,129**	**123,645**	**(516)**
Deposits	0	0	114,311	114,311	115,247	(936)
Debt securities issued	0	7,642	520	8,162	7,892	269
Other financial liabilities	13	0	643	656	505	151

1 Affiliated companies which are not fully consolidated due to immateriality are recognized at cost less impairment.
Level I Quoted market prices
Level II Valuation techniques based on market data
Level III Valuation techniques not based on market data

31/12/2018 in € million	Level I	Level II	Level III	Fair value	Carrying amount	Difference
Assets						
Financial assets - amortized cost	**5,476**	**23,636**	**93,809**	**122,921**	**121,481**	**1,440**
Cash and cash equivalents	0	22,557	0	22,557	22,557	0
Debt securities	5,476	1,079	1,466	8,021	8,162	(141)
Loans and advances[2]	0	0	92,175	92,175	90,594	1,582
Investments in affiliated companies[1]	0	0	168	168	168	0
Liabilities						
Financial liabilities - amortized cost	**0**	**7,770**	**110,061**	**117,830**	**119,074**	**(1,242)**
Deposits	0	0	109,052	109,052	110,583	(1,531)
Debt securities issued	0	7,770	498	8,268	7,967	301
Other financial liabilities	0	0	511	511	524	(12)

1 Affiliated companies which are not fully consolidated due to immateriality are recognized at cost less impairment.
2 Restatement of previous year's values (fair value – Level III)
Level I Quoted market prices
Level II Valuation techniques based on market data
Level III Valuation techniques not based on market data

(32) Loan commitments, financial guarantees and other commitments

The following table shows the loan commitments given, financial guarantees and other commitments given according to IFRS 9:

in € million	31/3/2019	31/12/2018
Loan commitments given	30,672	31,227
Financial guarantees given	6,556	6,975
Other commitments given	3,045	2,943
Total	**40,274**	**41,145**
Provisions for off-balance sheet items according to IFRS 9	(113)	(126)

(33) Collateral and maximum exposure to credit risk

The following table contains details of the maximum exposure from financial assets not subject to impairment and the financial assets subject to impairment and reconciles these with the loans and advances not held for trading which are the basis of the collateral disclosures below:

31/3/2019	Maximum exposure to credit risk		
in € million	Not subject to impairment	Subject to impairment	hereof loans and advances non-trading as well as contingent liabilities and commitments
Financial assets - amortized cost	0	105,668	97,001
Financial assets - fair value through other comprehensive income	0	5,658	0
Non-trading financial assets - mandatorily fair value through profit/loss	506	0	258
Financial assets - designated fair value through profit/loss	3,269	0	0
Financial assets - held for trading	3,805	0	0
On-balance	**7,580**	**111,326**	**97,259**
Contingent liabilities and commitments	0	40,274	40,274
Total	**7,580**	**151,600**	**137,533**

31/12/2018	Maximum exposure to credit risk		
in € million	Not subject to impairment	Subject to impairment	hereof loans and advances non-trading as well as contingent liabilities and commitments
Financial assets - amortized cost	0	101,241	93,073
Financial assets - fair value through other comprehensive income	0	6,217	0
Non-trading financial assets - mandatorily fair value through profit/loss	560	0	270
Financial assets - designated fair value through profit/loss	3,192	0	0
Financial assets - held for trading	3,894	0	0
On-balance	**7,646**	**107,458**	**93,343**
Contingent liabilities and commitments	0	41,145	41,145
Total	**7,646**	**148,603**	**134,488**

RBI employs a range of policies to mitigate credit risk, the most common of which is the acceptance of collateral for loans and advances provided. The eligibility of collateral is defined on a RBI Group basis to ensure uniform standards of collateral evaluation. A valuation of collateral is performed during the credit approval process. This is then reviewed periodically using various validation processes. The main types of collateral which are accepted in RBI Group are residential and commercial real estate collateral, financial collateral, guarantees and moveable goods. Long-term financing is generally secured, while revolving credit facilities are generally unsecured. Debt securities are mainly unsecured, and derivatives can be secured by cash or master netting agreements. Collateral from leasing business is also included in the following table. Items shown in cash and cash equivalents are considered to have neglible credit risk.

RBI Group's policies regarding obtaining collateral have not been significantly changed during the reporting period; however, they are updated on a yearly basis.

It should be noted that the collateral values shown in the tables are capped at the maximum value of the gross carrying amount of the financial asset. The following table shows financial assets at amortized cost and at fair value through other comprehensive income (debt securities) subject to impairment:

31/3/2019 in € million	Maximum exposure to credit risk	Fair value of collateral	Credit risk exposure net of collateral
Central banks	4,440	57	4,383
General governments	1,398	695	703
Banks	4,805	1,578	3,227
Other financial corporations	8,148	3,979	4,169
Non-financial corporations	45,442	21,669	23,773
Households	33,025	20,549	12,476
Commitments/guarantees issued	40,274	7,448	32,826
Total	**137,533**	**55,976**	**81,557**

31/12/2018 in € million	Maximum exposure to credit risk	Fair value of collateral	Credit risk exposure net of collateral
Central banks	4,863	81	4,782
General governments	921	676	244
Banks	5,144	1,507	3,637
Other financial corporations	6,712	2,572	4,139
Non-financial corporations	43,467	21,478	21,989
Households	32,237	20,088	12,149
Commitments/guarantees issued	41,145	7,315	33,830
Total	**134,488**	**53,718**	**80,771**

(34) Forward looking information

The most significant macroeconomic assumptions used for the expected credit loss estimates at quarter end are shown below. (Source: Raiffeisen Research 25 January 2019)

Real GDP	Scenario	2019	2020	2021
Austria	Optimistic	2.1%	2.0%	1.3%
	Base	1.7%	1.4%	0.6%
	Pessimistic	0.6%	0.0%	(1.1)%
Russia	Optimistic	2.9%	3.3%	3.5%
	Base	1.5%	1.5%	1.3%
	Pessimistic	(0.8)%	(1.5)%	(2.4)%
Poland	Optimistic	3.9%	3.3%	2.5%
	Base	3.6%	2.9%	2.0%
	Pessimistic	2.4%	1.4%	0.1%
Romania	Optimistic	3.5%	3.8%	3.1%
	Base	2.5%	2.5%	1.5%
	Pessimistic	0.1%	(0.7)%	(2.4)%
Slovakia	Optimistic	5.3%	4.5%	4.0%
	Base	4.0%	2.8%	1.9%
	Pessimistic	2.3%	0.6%	(0.8)%
Croatia	Optimistic	3.3%	3.0%	3.0%
	Base	2.5%	2.0%	1.8%
	Pessimistic	0.3%	(0.9)%	(1.8)%

Unemployment	Scenario	2019	2020	2021
Austria	Optimistic	4.5%	4.5%	4.8%
	Base	4.8%	4.8%	5.2%
	Pessimistic	5.3%	5.5%	6.0%
Russia	Optimistic	4.0%	3.7%	3.9%
	Base	5.0%	5.0%	5.5%
	Pessimistic	6.2%	6.6%	7.4%
Poland	Optimistic	4.4%	4.1%	4.3%
	Base	5.6%	5.7%	6.3%
	Pessimistic	8.3%	9.2%	10.6%
Romania	Optimistic	3.9%	4.1%	5.2%
	Base	4.2%	4.5%	5.6%
	Pessimistic	5.1%	5.7%	7.0%
Slovakia	Optimistic	3.9%	3.3%	4.1%
	Base	5.5%	5.4%	6.7%
	Pessimistic	8.0%	8.7%	10.7%
Croatia	Optimistic	7.6%	7.0%	6.6%
	Base	8.5%	8.2%	8.0%
	Pessimistic	11.0%	11.4%	12.0%

Lifetime Bond Rate	Scenario	2019	2020	2021
Austria	Optimistic	(0.2)%	(0.3)%	(0.9)%
	Base	0.9%	1.1%	0.8%
	Pessimistic	1.7%	2.2%	2.2%
Russia	Optimistic	8.3%	7.8%	5.8%
	Base	9.2%	9.0%	7.2%
	Pessimistic	11.3%	11.7%	10.5%
Poland	Optimistic	2.8%	3.0%	2.6%
	Base	3.2%	3.6%	3.3%
	Pessimistic	4.5%	5.2%	5.2%
Romania	Optimistic	4.1%	3.9%	3.5%
	Base	5.3%	5.4%	5.4%
	Pessimistic	7.0%	7.6%	8.1%
Slovakia	Optimistic	0.6%	0.7%	1.3%
	Base	1.1%	1.3%	2.1%
	Pessimistic	2.7%	3.4%	4.7%
Croatia	Optimistic	2.1%	2.2%	2.4%
	Base	2.3%	2.4%	2.7%
	Pessimistic	3.6%	4.1%	4.8%

The weightings assigned to each scenario at quarter end are as follows: 25 per cent optimistic, 50 per cent base and 25 per cent pessimistic scenarios.

(35) Credit risk volume by impairment models

RBI's credit portfolio is well diversified in terms of type of customer, geographical region and industry. Single name concentrations are also actively managed (based on the concept of groups of connected customers) by limits and regular reporting. As a consequence portfolio granularity is high. The following table shows the financial assets – amortized cost based on the respective counterparties and stages. This reveals the bank's focus on non-financial corporations and households:

31/3/2019	Gross carrying amount			Accumulated impairment			ECL Coverage Ratio		
in € million	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
Central banks	4,627	0	0	0	0	0	0.0%	0.0%	–
General governments	6,993	647	2	(1)	(1)	(2)	0.0%	0.1%	98.6%
Banks	5,731	427	18	0	0	(9)	0.0%	0.0%	47.2%
Other financial corporations	8,082	465	82	(6)	(6)	(57)	0.1%	1.4%	68.9%
Non-financial corporations	38,285	5,367	2,028	(95)	(84)	(1,147)	0.2%	1.6%	56.5%
Households	25,532	6,297	1,082	(68)	(254)	(780)	0.3%	4.0%	72.1%
hereof mortgage	11,482	4,107	450	(10)	(123)	(259)	0.1%	3.0%	57.5%
Total	**89,251**	**13,204**	**3,213**	**(171)**	**(345)**	**(1,994)**	**0.2%**	**2.6%**	**62.1%**

31/12/2018	Gross carrying amount			Accumulated impairment			ECL Coverage Ratio		
in € million	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
Central banks	4,950	0	0	(1)	0	0	0.0%	–	–
General governments	6,615	298	2	(1)	(1)	(2)	0.0%	0.5%	98.7%
Banks	5,842	533	8	0	0	(8)	0.0%	0.0%	100.0%
Other financial corporations	6,556	524	96	(6)	(4)	(65)	0.1%	0.8%	68.3%
Non-financial corporations	36,089	5,636	1,972	(91)	(94)	(1,143)	0.3%	1.7%	58.0%
Households	25,455	5,598	1,067	(67)	(232)	(767)	0.3%	4.2%	71.9%
hereof mortgage	11,386	3,862	453	(11)	(114)	(259)	0.1%	3.0%	57.3%
Total	**85,507**	**12,589**	**3,145**	**(167)**	**(333)**	**(1,986)**	**0.2%**	**2.6%**	**63.2%**

The following table shows the contingent liabilities and other off-balance sheet commitments by counterparties and stages. This reveals RBI's focus on non-financial corporations:

31/3/2019	Nominal amount			Provisions for off-balance sheet items acc. to IFRS 9			ECL Coverage Ratio		
in € million	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
Central banks	0	0	0	0	0	0	0.1%	–	–
General governments	534	13	0	0	0	0	0.0%	0.1%	–
Banks	2,246	202	0	0	0	0	0.0%	0.1%	–
Other financial corporations	2,269	1,065	1	2	1	1	0.1%	0.1%	57.5%
Non-financial corporations	26,481	2,667	197	24	21	40	0.1%	0.8%	20.4%
Households	3,531	1,057	11	7	6	9	0.2%	0.6%	87.0%
Total	**35,061**	**5,004**	**209**	**34**	**28**	**50**	**0.1%**	**0.6%**	**24.0%**

31/12/2018	Nominal amount			Provisions for off-balance sheet items acc. to IFRS 9			ECL Coverage Ratio		
in € million	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
Central banks	0	0	0	0	0	0	0.1%	–	–
General governments	519	13	0	0	0	0	0.0%	0.0%	0.0%
Banks	2,111	303	0	1	1	0	0.0%	0.3%	–
Other financial corporations	2,041	1,643	1	1	3	1	0.1%	0.2%	98.3%
Non-financial corporations	27,160	2,783	127	27	22	47	0.1%	0.8%	36.9%
Households	3,483	950	11	8	7	9	0.2%	0.7%	86.3%
Total	**35,313**	**5,693**	**139**	**37**	**32**	**57**	**0.1%**	**0.6%**	**40.9%**

(36) Development of impairments

The following table shows the development of impairments on loans and bonds in the measurement categories of financial assets – amortized cost and financial assets – fair value through other comprehensive income:

in € million	Stage 1 12 month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
As at 1/1/2019	**171**	**333**	**1,986**	**2,490**
Increases due to origination and acquisition	24	9	19	51
Decreases due to derecognition	(8)	(14)	(72)	(93)
Changes due to change in credit risk (net)	(15)	13	71	70
Changes due to modifications without derecognition (net)	0	0	1	1
Decrease in allowance account due to write-offs	0	0	(40)	(41)
Change in consolidated group	0	2	14	16
Foreign exchange and other	2	3	15	20
As at 31/3/2019	**174**	**346**	**1,994**	**2,514**

The change in the reporting period amounted to € 24 million. It was largely due to net allocations in Poland, Ukraine and Russia.

The impairments are mainly assignable to stage 3 and result from loans to non-financial corporations and households, primarily in Central and Southeastern Europe.

in € million	Stage 1 12 month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
As at 1/1/2018	**188**	**370**	**2,911**	**3,470**
Increases due to origination and acquisition	29	12	44	85
Decreases due to derecognition	(13)	(14)	(121)	(148)
Changes due to change in credit risk (net)	(9)	(8)	(17)	(35)
Changes due to modifications without derecognition (net)	0	0	(8)	(8)
Decrease in allowance account due to write-offs	0	0	(45)	(46)
Changes due to model/risk parameters	0	0	(1)	(1)
Foreign exchange and other	1	(2)	(30)	(31)
As at 31/3/2018	**196**	**358**	**2,734**	**3,287**

The following table shows the development of provisions for loan commitments, financial guarantees and other commitments given:

in € million	Stage 1 12 month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
As at 1/1/2019	**37**	**32**	**57**	**126**
Increases due to origination and acquisition	7	2	1	10
Decreases due to derecognition	(5)	(2)	(5)	(12)
Changes due to change in credit risk (net)	(5)	(5)	(3)	(12)
Foreign exchange and other	0	1	0	1
As at 31/3/2019	**34**	**28**	**50**	**113**

in € million	Stage 1 12 month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
As at 1/1/2018	**21**	**26**	**102**	**149**
Increases due to origination and acquisition	5	5	1	11
Decreases due to derecognition	(2)	(3)	(4)	(9)
Changes due to change in credit risk (net)	0	0	(36)	(36)
Foreign exchange and other	1	(1)	(3)	(3)
As at 31/3/2018	**25**	**28**	**60**	**112**

The following table shows the breakdown by asset class of impairments and provisions in accordance with IFRS 9 stages of impairment:

31/3/2019 in € million	Stage 1 12 month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Loans and debt securities	**174**	**346**	**1,994**	**2,514**
Central banks	0	0	0	0
General governments	4	1	2	8
Banks	1	0	9	9
Other financial corporations	6	6	57	69
Non-financial corporations	95	84	1,147	1,326
Households	68	254	780	1,101
Loan commitments, financial guarantees and other commitments given	**34**	**28**	**50**	**113**
Total	**208**	**374**	**2,044**	**2,626**

The following table shows the breakdown by asset class of impairments in accordance with IFRS 9 stages of impairment as at the reporting date of the previous year:

31/12/2018 in € million	Stage 1 12 month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Loans and debt securities	**171**	**333**	**1,986**	**2,490**
Central banks	1	0	0	1
General governments	5	2	2	8
Banks	0	0	8	9
Other financial corporations	6	4	65	76
Non-financial corporations	91	94	1,143	1,329
Households	67	232	767	1,066
Loan commitments, financial guarantees and other commitments given	**37**	**32**	**57**	**126**
Total	**207**	**365**	**2,043**	**2,615**

(37) Past due status

The following table shows the overdue claims and bonds in the measurement categories amortized cost and fair value through other comprehensive income:

31/3/2019	Carrying amount								
	Past due assets without significant increase in credit risk since initial recognition (Stage 1)			Past due assets with significant increase in credit risk since initial recognition but not credit-impaired (Stage 2)			Past due credit-impaired assets (Stage 3)		
in € million	≤ 30 days	> 30 days	> 90 days	≤ 30 days	> 30 days	> 90 days	≤ 30 days	> 30 days	> 90 days
General governments	17	0	0	0	0	0	0	0	0
Banks	6	0	0	75	0	0	0	5	0
Other financial corporations	59	0	0	9	0	0	5	0	14
Non-financial corporations	659	1	0	139	81	0	40	46	260
Households	600	0	0	510	161	0	29	33	143
Total	**1,340**	**1**	**0**	**733**	**242**	**0**	**73**	**84**	**417**

31/12/2018	Carrying amount								
	Past due assets without significant increase in credit risk since initial recognition (Stage 1)			Past due assets with significant increase in credit risk since initial recognition but not credit-impaired (Stage 2)			Past due credit-impaired assets (Stage 3)		
in € million	≤ 30 days	> 30 days	> 90 days	≤ 30 days	> 30 days	> 90 days	≤ 30 days	> 30 days	> 90 days
General governments	3	0	0	0	0	0	0	0	0
Banks	0	0	0	0	0	0	0	0	0
Other financial corporations	28	0	0	20	0	0	3	0	10
Non-financial corporations	1,020	0	0	118	63	0	66	26	244
Households	668	9	0	491	211	2	26	29	148
Total	**1,719**	**9**	**0**	**629**	**274**	**2**	**95**	**55**	**402**

RBI uses the 30-day past due status and other qualitative indicators as criteria for determining a material increase in credit risk for less than one-fifth of loans to households.

(38) Offsetting of financial assets and liabilities

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

The similar agreements include derivative clearing agreements, global master repurchase agreements, and global master securities lending agreements. Similar financial instruments include derivatives, sales and repurchase agreements, reverse sale and repurchase agreements, and securities borrowing and lending agreements.

Some of the agreements are not set-off in the statement of financial position. This is because they create, for the parties to the agreement, a right of set-off of recognized amounts that is enforceable only following an event of default, insolvency or bankruptcy of the Group or the counterparties or following other predetermined events. In addition, the Group and its counterparties do not intend to settle on a net basis or to realize the assets and settle the liabilities simultaneously. The Group receives and gives collaterals in the form of cash and marketable securities.

31/3/2019	Gross amount		Net amount	Amounts from global netting agreements		Net amount
in € million	recognized financial assets	recognized financial liabilities set-off	recognized financial assets	Financial instruments	Cash collateral received	
Derivatives (enforceable)	3,360	1,429	1,932	1,447	32	453
Repurchase, securities lending and similar agreements (legally enforceable)	11,244	0	11,244	11,221	0	23
Total	**14,605**	**1,429**	**13,176**	**12,668**	**32**	**476**

31/3/2019	Gross amount		Net amount	Amounts from global netting agreements		Net amount
in € million	recognized financial liabilities	recognized financial assets set-off	recognized financial liabilities	Financial instruments	Cash collateral received	
Derivatives (enforceable)	2,965	1,429	1,536	707	145	684
Reverse repurchase, securities lending and similar agreements (legally enforceable)	10,873	0	10,873	2,816	0	8,057
Total	**13,838**	**1,429**	**12,409**	**3,523**	**145**	**8,741**

31/12/2018	Gross amount		Net amount	Amounts from global netting agreements		Net amount
in € million	recognized financial assets	recognized financial liabilities set-off	recognized financial assets	Financial instruments	Cash collateral received	
Derivatives (enforceable)	3,040	1,062	1,978	1,416	81	481
Repurchase, securities lending and similar agreements (legally enforceable)	7,827	0	7,827	7,787	0	41
Total	**10,867**	**1,062**	**9,805**	**9,203**	**81**	**521**

31/12/2018		Gross amount	Net amount	Amounts from global netting agreements		Net amount
in € million	recognized financial liabilities	recognized financial assets set-off	recognized financial liabilities	Financial instruments	Cash collateral received	
Derivatives (enforceable)	2,692	1,062	1,631	588	285	757
Reverse repurchase, securities lending and similar agreements (legally enforceable)	823	0	823	799	0	24
Total	**3,515**	**1,062**	**2,454**	**1,387**	**285**	**781**

(39) Transferred assets

The following table shows the carrying amounts of financial assets which have been transferred but not derecognized:

31/3/2019	Transferred assets			Associated liabilities		
in € million	Carrying amount	hereof securitizations	hereof repurchase agreements	Carrying amount	hereof securitizations	hereof repurchase agreements
Financial assets - held for trading	6	0	6	6	0	6
Non-trading financial assets - mandatorily fair value through profit/loss	0	0	0	0	0	0
Financial assets - designated fair value through profit/loss	764	0	764	764	0	764
Financial assets - fair value through other comprehensive income	91	0	91	91	0	91
Financial assets - amortized cost	825	0	825	817	0	817
Total	**1,686**	**0**	**1,686**	**1,677**	**0**	**1,677**

31/12/2018	Transferred assets			Associated liabilities		
in € million	Carrying amount	hereof securitizations	hereof repurchase agreements	Carrying amount	hereof securitizations	hereof repurchase agreements
Financial assets - held for trading	266	0	266	266	0	266
Non-trading financial assets - mandatorily fair value through profit/loss	–	–	–	–	–	–
Financial assets - designated fair value through profit/loss	0	0	0	0	0	0
Financial assets - fair value through other comprehensive income	0	0	0	0	0	0
Financial assets - amortized cost	64	0	64	56	0	56
Total	**330**	**0**	**330**	**322**	**0**	**322**

(40) Assets pledged as collateral and received financial assets

Significant restrictions regarding the access or use of assets:

in € million	31/3/2019 Pledged	31/3/2019 Otherwise restricted with liabilities	31/12/2018 Pledged	31/12/2018 Otherwise restricted with liabilities
Financial assets - held for trading	12	4	309	0
Non-trading financial assets - mandatorily fair value through profit/loss	1	0	1	0
Financial assets - designated fair value through profit/loss	684	0	0	0
Financial assets - fair value through other comprehensive income	158	5	120	5
Financial assets - amortized cost	8,294	1,154	8,080	751
Total	**9,149**	**1,164**	**8,509**	**757**

The Group received collaterals which can be sold or repledged if no default occurs within the framework of reverse repurchase agreements, securities lending business, derivative and other transactions.

The table below shows securities and other financial assets accepted as collateral:

in € million	31/3/2019	31/12/2018
Securities and other financial assets accepted as collateral which can be sold or repledged	12,141	9,139
hereof which have been sold or repledged	3,133	1,603

(41) Derivative financial instruments

The following table shows an analysis of the counterparty credit exposures arising from derivative transactions which are mostly OTC. Counterparty credit risk can be minimized by the use of settlement houses and the use of collateral in most cases.

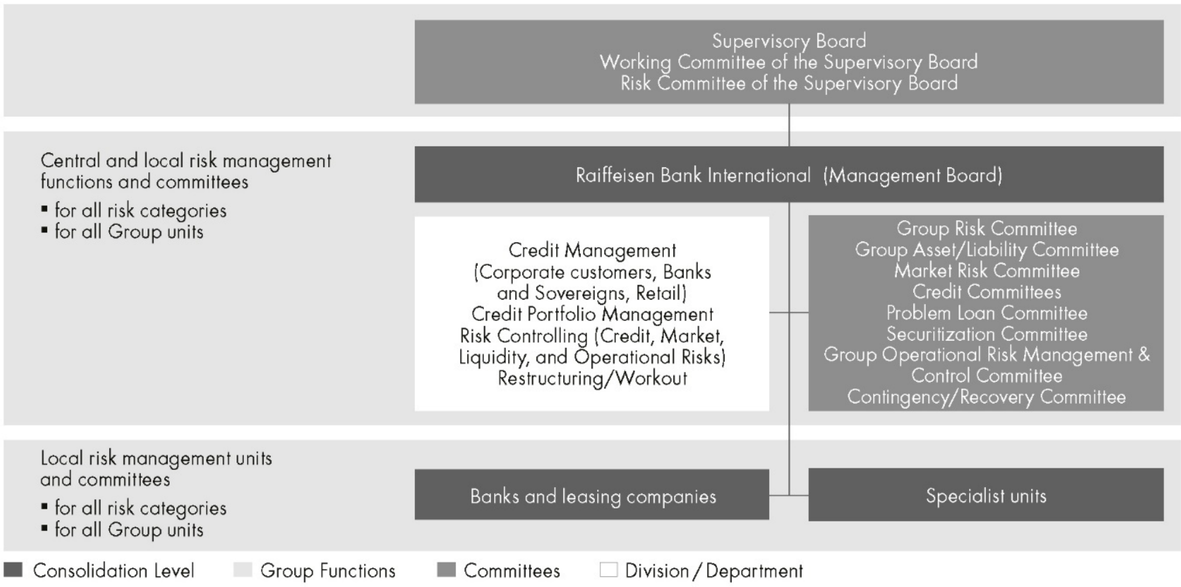
31/3/2019	Nominal amount	Fair values	
in € million		Positive	Negative
Trading book	**169,697**	**1,861**	**(1,807)**
Interest rate contracts	119,509	1,144	(895)
Equity contracts	4,416	178	(296)
Foreign exchange rate and gold contracts	44,181	536	(530)
Credit contracts	225	1	(2)
Commodities	140	2	(2)
Other	1,227	0	(82)
Banking book	**32,706**	**172**	**(276)**
Interest rate contracts	24,375	110	(156)
Foreign exchange rate and gold contracts	8,247	62	(117)
Credit contracts	84	0	(3)
Hedging instruments	**22,722**	**511**	**(150)**
Interest rate contracts	22,172	494	(142)
Foreign exchange rate and gold contracts	549	17	(8)
Total	**225,124**	**2,544**	**(2,233)**
OTC products	218,910	2,470	(2,087)
Products traded on stock exchange	4,539	71	(57)

31/12/2018	Nominal amount	Fair values	
in € million		Positive	Negative
Trading book	**161,381**	**1,787**	**(1,835)**
Interest rate contracts	115,829	1,058	(822)
Equity contracts	3,862	121	(365)
Foreign exchange rate and gold contracts	40,043	604	(554)
Credit contracts	131	2	0
Commodities	129	3	(3)
Other	1,388	0	(91)
Banking book	**32,179**	**185**	**(200)**
Interest rate contracts	23,646	94	(104)
Equity contracts	0	0	0
Foreign exchange rate and gold contracts	8,450	91	(93)
Credit contracts	84	0	(3)
Hedging instruments	**22,602**	**501**	**(153)**
Interest rate contracts	22,132	469	(153)
Foreign exchange rate and gold contracts	470	32	0
Total	**216,162**	**2,473**	**(2,188)**
OTC products	210,879	2,405	(2,045)
Products traded on stock exchange	3,552	63	(46)

Risk report

Active risk management is a core competency of the RBI Group. In order to effectively identify, measure, and manage risks the Group continues to develop its comprehensive risk management system. Risk management is an integral part of overall bank management. In particular, in addition to legal and regulatory requirements, it takes into account the nature, scale and complexity of the Group's business activities and the resulting risks. The principles and organization of risk management are disclosed in the relevant sections of the 2018 Annual Report, pages 180 ff.

(42) Organization of risk management



Economic capital

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

Risk contribution of individual risk types to economic capital:

in € million	31/3/2019	Share	31/12/2018[1]	Share
Credit risk corporate customers	1,646	27.2%	1,638	27.2%
Credit risk retail customers	1,262	20.9%	1,176	19.5%
Market risk	611	10.1%	649	10.8%
Operational risk	588	9.7%	542	9.0%
Macroeconomic risk	492	8.1%	607	10.1%
Participation risk	316	5.2%	308	5.1%
Owned property risk	291	4.8%	226	3.8%
Credit risk sovereigns	261	4.3%	281	4.7%
Credit risk banks	144	2.4%	144	2.4%
FX risk capital position	110	1.8%	129	2.1%
Liquidity risk	20	0.3%	15	0.2%
CVA risk	19	0.3%	17	0.3%
Risk buffer	288	4.8%	287	4.8%
Total	**6,046**	**100.0%**	**6,018**	**100.0%**

1 Adaptation of previous year's figures

Economic capital remained largely unchanged compared to year-end 2018.

The slight increase of € 28 million was largely due to the retail credit risk (parameter adjustments as part of the planned implementation of the IRB approach at Raiffeisen Bausparkasse Vienna, 9 per cent appreciation of the Russian ruble). Alongside other slight increases (operational risk due to the updating of external loss data; owned property risk due to increased volumes), declines were also reported in credit risk sovereigns, not least as a result of Russia's rating improvement by Moody's (from Ba1 to Baa3).

Regional allocation of economic capital according to Group unit domicile:

in € million	31/3/2019	Share	31/12/2018[1]	Share
Austria	1,984	32.8%	1,903	31.6%
Central Europe	1,414	23.4%	1,471	24.4%
Southeastern Europe	1,359	22.5%	1,330	22.1%
Eastern Europe	1,285	21.2%	1,309	21.7%
Rest of World	5	0.1%	5	0.1%
Total	**6,046**	**100.0%**	**6,018**	**100.0%**

1 Adaptation of previous year`s figures

The Group uses a confidence level of 99.92 per cent to calculate economic capital. This confidence level is derived from the probability of default implied by the target rating. Based on the empirical analysis of rating agencies, the selected confidence level corresponds to a rating of single A. The objective of calculating economic capital is to determine the amount of capital that would be required for servicing all of the claims of customers and creditors even in the case of such an extremely rare loss event.

(43) Credit risk

Credit risk is the largest risk for the Group's business. Credit risk means the risk of suffering financial loss should any of the Group's customers or counterparties fail to fulfil their contractual obligations to the Group. Credit risk arises mainly from loans and advances to banks, loans and advances to customers, lending commitments and financial guarantees given. The Group is also exposed to other credit risks arising from investments in debt securities and other exposures associated with trading activities, derivatives, settlement agreements and reverse repo transactions.

Reconciliation of figures from IFRS consolidated financial statements to total credit exposure (according to CRR)

The following table shows the reconciliation of items on the statement of financial position (banking and trading book positions) to the total credit exposure, which is used in portfolio management. It includes both exposures on and off the statement of financial position before the application of credit-conversion factors, and thus represents the total credit exposure. It is not reduced by the effects of credit risk mitigation such as guarantees or physical collateral, effects that are, however, considered in the total assessment of credit risk. The total credit exposure is used – if not explicitly stated otherwise – for referring to exposures in all subsequent tables in the risk report. The reasons for differences in the values used for internal portfolio management and for external financial accounting are the different scopes of consolidation (regulatory versus accounting rules according to IFRS, i.e. corporate legal basis) and differences in the classifications and presentation of exposure volumes.

in € million	31/3/2019	31/12/2018[1]
Cash, cash balances at central banks and other demand deposits	20,526	18,426
Financial assets - amortised cost	105,668	101,241
Financial assets - fair value through other comprehensive income	5,658	6,217
Non-trading financial assets - mandatorily at fair value through profit / loss	506	560
Financial assets - designated fair value through profit/loss	3,269	3,192
Financial assets - held for trading	3,805	3,894
Hedge accounting	473	457
Current tax assets	58	57
Deferred tax assets	123	122
Other assets	905	750
Loan commitments given	30,672	31,227
Financial guarantees given	6,556	6,975
Other commitments given	3,045	2,943
Disclosure differences	(1,361)	(1,762)
Credit exposure[2]	**179,903**	**174,299**

1 Adaptation of previous year's figures
2 Items on the statement of financial position contain only credit risk amounts

The detailed credit portfolio analysis shows the breakdown by rating category. Customer rating assessments are performed separately for different asset classes using internal risk classification models (rating and scoring models), which are validated by a central organizational unit. The default probabilities assigned to individual rating grades are calculated separately for each asset class. As a consequence, the default probabilities relating to the same ordinal rating grade (e.g. good credit standing corporates 4, banks A3, and sovereigns A3) are not directly comparable between these asset classes.

Rating models in the main non-retail asset classes – corporates, banks, and sovereigns – are uniform in all Group units and rank creditworthiness in 27 grades for corporate customers and banks and ten grades for sovereigns. For retail asset classes, country specific scorecards are developed based on uniform Group standards. Software tools are used to produce and validate ratings (e.g. business valuation tools, rating and default database).

The following table shows total credit exposure by asset classes (rating models):

in € million	31/3/2019	31/12/2018
Corporate customers	76,083	73,482
Project finance	6,892	7,050
Retail customers	39,076	38,050
Banks	22,105	19,207
Sovereigns	35,747	36,509
Total	**179,903**	**174,299**

Credit portfolio – Corporates

The following table shows the total credit exposure according to internal corporate ratings (large corporates, mid-market and small corporates). For presentation purposes, the individual grades of the rating scale have been combined into nine main rating grades.

in € million		31/3/2019	Share	31/12/2018	Share
1	Minimal risk	5,437	7.1%	5,072	6.9%
2	Excellent credit standing	11,742	15.4%	11,134	15.2%
3	Very good credit standing	12,689	16.7%	11,357	15.5%
4	Good credit standing	10,869	14.3%	10,403	14.2%
5	Sound credit standing	15,811	20.8%	15,824	21.5%
6	Acceptable credit standing	12,227	16.1%	12,273	16.7%
7	Marginal credit standing	4,130	5.4%	4,217	5.7%
8	Weak credit standing / sub-standard	967	1.3%	1,134	1.5%
9	Very weak credit standing / doubtful	259	0.3%	199	0.3%
10	Default	1,692	2.2%	1,638	2.2%
NR	Not rated	259	0.3%	233	0.3%
Total		**76,083**	**100.0%**	**73,482**	**100.0%**

The total credit exposure to corporate customers € 2,600 million compared to year-end 2018 increased to € 76,083 million.

Credit exposures in the rating grades from good credit standing to minimal risk increased by € 2,772 million, corresponding to a share of 53.5 per cent (31/12/2018: 51.8 per cent).

The € 608 million increase in rating grade 2 to € 11,742 million was due to growth in facility financing in Austria and credit financing in Hungary and Austria. In addition, customers in France and Luxembourg posted rating improvements to rating grade 2. Rating grade 3 increased € 1,332 million to € 12,689 million, due to documentary credits in Bosnia and Herzegovina, Great Britain and Singapore, as well as to money market transactions in France and Austria. Increases were also reported in repo business in Great Britain and in credit financing in Russia (largely attributable to the appreciation of the Russian ruble). The € 466 million increase in rating grade 4 to € 10,869 million was attributable to credit financing in Russia, France, Great Britain and the Czech Republic.

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

in € million		31/3/2019	Share	31/12/2018	Share
6.1	Excellent project risk profile – very low risk	5,313	77.1%	5,308	75.3%
6.2	Good project risk profile – low risk	917	13.3%	968	13.7%
6.3	Acceptable project risk profile – average risk	141	2.0%	114	1.6%
6.4	Poor project risk profile – high risk	62	0.9%	103	1.5%
6.5	Default	451	6.5%	383	5.4%
NR	Not rated	8	0.1%	175	2.5%
Total		**6,892**	**100.0%**	**7,050**	**100.0%**

Credit exposure to project finance declined € 159 million to € 6,892 million as at 31 March 2019. Rating grade 6.2 declined € 51 million to € 917 million, mainly due to expired project financing in Hungary and Romania. The € 68 million increase in rating grade 6.5 to € 451 million was mainly attributable to Russia, with the increase in Russia largely due to the appreciation of the Russian ruble. The rating allocation of a Dutch and an Austrian customer to rating grade 6.1 as well as expired project financing in Serbia led to the € 167 million reduction in non-rated customers to € 8 million. The resulting increase in rating grade 6.1 was, however, offset by expired project financing and rating shifts to rating grade 6.2 in Slovakia.

At 90.4 per cent (31/12/2018: 89.0 per cent), the rating grades excellent project risk profile – very low risk and good project risk profile – low risk accounted for the majority of the portfolio. This mainly reflected the high level of collateralization in specialized lending transactions.

The following table provides a breakdown by country of risk of the total credit exposure for corporate customers and project finance structured by region, taking into account the guarantor:

in € million	31/3/2019	Share	31/12/2018[1]	Share
Central Europe	18,815	22.7%	18,491	23.0%
Western Europe	18,207	21.9%	17,182	21.3%
Austria	17,308	20.9%	16,898	21.0%
Eastern Europe	13,907	16.8%	12,853	16.0%
Southeastern Europe	12,029	14.5%	12,432	15.4%
Asia	1,312	1.6%	1,195	1.5%
Other	1,396	1.7%	1,481	1.8%
Total	**82,974**	**100.0%**	**80,532**	**100.0%**

1 Adaptation of previous year`s figures

Credit exposure stood at € 82,974 million, € 2,442 million higher than at year-end 2018. The increase in Western Europe of € 1,025 million to € 18,207 million was due to credit financing and repo business and swap transactions. The increase was partially offset by a decline in facility financing. Austria recorded a € 410 million increase to € 17,308 million due to repo business and money market transactions and facility financing. The increase in Eastern Europe of € 1,054 million to € 13,907 million was mainly due to credit financing and guarantees issued. The increase was also due to the appreciation of the Russian ruble and the Ukrainian hryvnia. The decline in Southeastern Europe of € 403 million to € 12,029 million was due to facility financing and repo business.

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

in € million	31/3/2019	Share	31/12/2018	Share
Manufacturing	16,527	19.9%	16,320	20.3%
Wholesale and retail trade	17,406	21.0%	16,867	20.9%
Financial intermediation	12,936	15.6%	11,869	14.7%
Real estate	8,766	10.6%	8,901	11.1%
Construction	4,930	5.9%	4,824	6.0%
Freelance/technical services	5,928	7.1%	5,775	7.2%
Transport, storage and communication	3,426	4.1%	3,301	4.1%
Electricity, gas, steam and hot water supply	3,035	3.7%	3,045	3.8%
Other industries	10,021	12.1%	9,629	12.0%
Total	**82,974**	**100.0%**	**80,532**	**100.0%**

Credit portfolio – Retail customers

Retail customers are subdivided into private individuals and small and medium-sized entities (SMEs). For retail customers a two-fold scoring system is used, consisting of the initial and ad-hoc scoring based on customer data and of the behavioral scoring based on account data. The table below shows the Group's credit exposure to retail customers:

in € million	31/3/2019	Share	31/12/2018	Share
Retail customers – private individuals	36,168	92.6%	35,269	92.7%
Retail customers – small and medium-sized entities	2,908	7.4%	2,781	7.3%
Total	**39,076**	**100.0%**	**38,050**	**100.0%**

The following table shows the total credit exposure to retail customers according to internal ratings:

in € million		31/3/2019	Share	31/12/2018	Share
0.5	Minimal risk	12,456	31.9%	9,038	23.8%
1.0	Excellent credit standing	6,211	15.9%	9,091	23.9%
1.5	Very good credit standing	5,434	13.9%	5,499	14.5%
2.0	Good credit standing	4,202	10.8%	4,040	10.6%
2.5	Sound credit standing	3,114	8.0%	2,864	7.5%
3.0	Acceptable credit standing	1,642	4.2%	1,727	4.5%
3.5	Marginal credit standing	825	2.1%	840	2.2%
4.0	Weak credit standing / sub-standard	395	1.0%	414	1.1%
4.5	Very weak credit standing / doubtful	425	1.1%	313	0.8%
5.0	Default	1,340	3.4%	1,327	3.5%
NR	Not rated	3,032	7.8%	2,898	7.6%
Total		**39,076**	**100.0%**	**38,050**	**100.0%**

Credit exposure to retail customers increased € 1,027 million compared to year-end 2018, to € 39,076 million. The rating shift between rating grade 0.5 and 1.0 was mainly due to rating adjustments as part of the planned implementation of IRB at Raiffeisen Bausparkasse Vienna. In addition, rating grade 0.5 recorded a rise, due to an increase in the credit exposure in Slovakia.

The total credit exposure to retail customers breaks down by segment as follows:

31/3/2019 in € million	Central Europe	Southeastern Europe	Eastern Europe	Group Corporates & Markets
Retail customers – private individuals	17,490	8,854	4,997	4,827
Retail customers – small and medium-sized entities	1,406	712	402	388
Total	**18,897**	**9,566**	**5,399**	**5,215**
hereof non-performing exposure	691	452	221	29

31/12/2018 in € million	Central Europe	Southeastern Europe	Eastern Europe	Group Corporates & Markets
Retail customers – private individuals	17,377	8,720	4,420	4,751
Retail customers – small and medium-sized entities	1,370	688	349	375
Total	**18,748**	**9,408**	**4,769**	**5,125**
hereof non-performing exposure[1]	715	458	204	29

1 Adaptation of previous year's figures

The € 630 million increase in Eastern Europe to € 5,399 million resulted from credit cards, mortgage loans and personal loans in Russia, largely as a result of the appreciation of the Russian ruble. In addition, mortgage loans increased in the Czech Republic, Austria and Slovakia.

The table below shows the total retail credit exposure by products:

in € million	31/3/2019	Share	31/12/2018	Share
Mortgage loans	23,085	59.1%	22,557	59.3%
Personal loans	8,631	22.1%	8,457	22.2%
Credit cards	3,220	8.2%	3,087	8.1%
SME financing	2,163	5.5%	2,046	5.4%
Overdraft	1,484	3.8%	1,444	3.8%
Car loans	493	1.3%	459	1.2%
Total	**39,076**	**100.0%**	**38,050**	**100.0%**

The € 528 million increase in mortgage loans to € 23,085 million resulted primarily from the Czech Republic, Russia (largely due to the appreciation of the Russian ruble), Austria and Slovakia.

Credit portfolio – Banks

The following table shows the total credit exposure by internal rating for banks (excluding central banks). Due to the small number of customers (or observable defaults), the default probabilities of individual rating grades in this asset class are calculated based on a combination of internal and external data.

in € million		31/3/2019	Share	31/12/2018	Share
1	Minimal risk	4,062	18.4%	3,797	19.8%
2	Excellent credit standing	7,622	34.5%	5,805	30.2%
3	Very good credit standing	6,911	31.3%	7,142	37.2%
4	Good credit standing	2,317	10.5%	1,347	7.0%
5	Sound credit standing	896	4.1%	701	3.6%
6	Acceptable credit standing	237	1.1%	268	1.4%
7	Marginal credit standing	26	0.1%	31	0.2%
8	Weak credit standing / sub-standard	13	0.1%	101	0.5%
9	Very weak credit standing / doubtful	0	0.0%	0	0.0%
10	Default	14	0.1%	9	0.0%
NR	Not rated	8	0.0%	5	0.0%
Total		**22,105**	**100.0%**	**19,207**	**100.0%**

The total credit exposure amounted to € 22,105 million. Compared to year-end 2018, this was an increase of € 2,898 million.

Rating grade 1 increased € 265 million to € 4,062 million, due to new repo business in the United Arab Emirates as well as to swap transactions in Germany. The increase in rating grade 2 of € 1,817 million to € 7,622 million resulted from money market and repo transactions in the Czech Republic and Great Britain. In addition, the rating shift of a Russian customer from rating grade 3 had a positive effect. Increasing repo business in France and Great Britain led to an increase in rating grade 4 of € 971 million to € 2,317 million. Rating grade 8 recorded an € 88 million decrease to € 13 million. This was mainly due to a reduction in overdraft facilities in Belarus, and to documentary credits in Uzbekistan and facility financing in Cuba.

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

in € million	31/3/2019	Share	31/12/2018	Share
Repo	6,668	30.2%	3,645	19.0%
Loans and advances	4,779	21.6%	4,923	25.6%
Bonds	3,841	17.4%	3,829	19.9%
Money market	2,880	13.0%	2,723	14.2%
Derivatives	2,439	11.0%	2,415	12.6%
Other	1,499	6.8%	1,671	8.7%
Total	**22,105**	**100.0%**	**19,207**	**100.0%**

The increase in repo business resulted from France, Germany, Great Britain and the United Arab Emirates.

Credit portfolio – Sovereigns

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

in € million		31/3/2019	Share	31/12/2018	Share
A1	Excellent credit standing	1,169	3.3%	1,210	3.3%
A2	Very good credit standing	15,329	42.9%	14,656	40.1%
A3	Good credit standing	7,472	20.9%	7,955	21.8%
B1	Sound credit standing	348	1.0%	937	2.6%
B2	Average credit standing	5,440	15.2%	3,001	8.2%
B3	Mediocre credit standing	3,800	10.6%	6,631	18.2%
B4	Weak credit standing	1,203	3.4%	1,214	3.3%
B5	Very weak credit standing	594	1.7%	360	1.0%
C	Doubtful/high default risk	389	1.1%	542	1.5%
D	Default	2	0.0%	2	0.0%
NR	Not rated	2	0.0%	1	0.0%
Total		**35,747**	**100.0%**	**36,509**	**100.0%**

Compared to year-end 2018, the credit exposure to sovereigns declined € 762 million to € 35,747 million.

Rating grade A2 recorded an increase of € 673 million to € 15,329 million as a result of deposits at the Austrian National Bank, of credit financing in Austria and of the bond portfolio in France, Germany and the United States of America (partly due to the appreciation of the US dollar). There was a decline of € 483 million in rating grade A3 to € 7,472 million, driven by a reduction in the minimum reserve at the National Bank of Slovakia and by repo business in the Czech Republic. However, this was partially offset by an increase in the portfolio of bonds issued by the Czech Republic. The € 589 million decrease in rating grade B1 to € 348 million resulted from the improvement in Poland's rating to rating grade A3. The rating improvements for Russia and Bulgaria led to shifts from rating grade B3 to rating grade B2. In addition, the increase in the minimum reserve in Russia resulted in an increase in rating grade B2.

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

in € million	31/3/2019	Share	31/12/2018	Share
Loans and advances	16,432	46.0%	16,445	45.0%
Bonds	14,756	41.3%	14,875	40.7%
Repo	3,267	9.1%	3,905	10.7%
Money market	1,170	3.3%	1,158	3.2%
Derivatives	29	0.1%	35	0.1%
Other	92	0.3%	91	0.2%
Total	**35,747**	**100.0%**	**36,509**	**100.0%**

The € 638 million reduction in repo to € 3,267 million was due to reduced business with the Czech National Bank.

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

in € million	31/3/2019	Share	31/12/2018	Share
Hungary	2,151	35.9%	2,001	22.9%
Croatia	1,508	25.2%	1,332	15.2%
Albania	645	10.8%	664	7.6%
Serbia	527	8.8%	535	6.1%
Ukraine	386	6.4%	401	4.6%
Bosnia and Herzegovina	326	5.4%	330	3.8%
Belarus	219	3.7%	132	1.5%
Romania	108	1.8%	112	1.3%
Bulgaria	3	0.1%	928	10.6%
Russia	-	-	2,221	25.4%
Other	117	1.9%	96	1.1%
Total	**5,989**	**100.0%**	**8,750**	**100.0%**

The non-investment grade credit exposure to sovereigns mainly comprised deposits of Group units at central banks in Central, Eastern, and Southeastern Europe. The deposits serve to fulfil the respective minimum reserve requirements and act as a vehicle for short-term investment of excess liquidity and are therefore inextricably linked with business activity in these countries.

Compared to year-end 2018, the non-investment grade credit exposure to sovereigns declined € 2,761 million to € 5,989 million. Rating improvements for Russia and Bulgaria led to a reclassification from rating grade B3 to rating grade B2.

Non-performing exposure (NPE)

The following table shows the non-performing exposure pursuant to the applicable definition contained in the Implementing Technical Standard (ITS) on Supervisory Reporting (Forbearance and non-performing exposures) issued by EBA. It includes both non-defaulted and defaulted exposure.

	NPE		NPE ratio		NPE coverage ratio	
in € million	**31/3/2019**	**31/12/2018**	**31/3/2019**	**31/12/2018**	**31/3/2019**	**31/12/2018**
General governments	2	2	0.2%	0.2%	98.8%	98.8%
Banks	19	8	0.2%	0.1%	100.0%	100.0%
Other financial corporations	79	81	0.8%	0.9%	71.8%	80.9%
Non-financial corporations	2,084	2,080	4.8%	5.0%	55.0%	55.0%
Households	1,225	1,228	3.7%	3.8%	63.7%	62.5%
NPL	**3,409**	**3,400**	**2.9%**	**3.0%**	**58.5%**	**58.4%**
Bonds	9	9	0.1%	0.1%	-	-
NPE	**3,418**	**3,409**	**2.5%**	**2.6%**	**58.4%**	**58.3%**

The following tables show the development of non-performing exposure in the defined asset classes (excluding items off the statement of financial position):

in € million	As at 1/1/2019	Change in consolidated group	Exchange rate	Additions	Disposals	As of 31/3/2019
General governments	2	0	0	0	0	2
Banks	8	0	0	10	0	19
Other financial corporations	81	0	(9)	15	(8)	79
Non-financial corporations	2,080	0	24	199	(219)	2,084
Households	1,228	0	0	113	(116)	1,225
NPL	**3,400**	**0**	**15**	**337**	**(343)**	**3,409**
Bonds	9	0	0	0	0	9
NPE	**3,409**	**0**	**15**	**337**	**(343)**	**3,418**

in € million	As at 1/1/2018	Change in consolidated group	Exchange rate	Additions	Disposals	As at 31/3/2018
General governments	0	0	0	0	0	0
Banks	10	0	0	0	0	10
Other financial corporations	40	0	0	1	(1)	40
Non-financial corporations[1]	3,309	13	(14)	110	(349)	3,069
Households[1]	1,561	0	(16)	98	(69)	1,574
NPL	**4,920**	**13**	**(30)**	**208**	**(419)**	**4,693**
Bonds	13	0	0	1	(1)	13
NPE	**4,933**	**13**	**(30)**	**209**	**(420)**	**4,705**

1 Previous year's figures adjusted due to reclassification of small and medium-sized entities to non-financial corporations

The volume of non-performing exposure increased slightly by € 9 million. In organic terms, the volume declined € 6 million primarily due to sales and recoveries of non-performing loans and the derecognition of commercially uncollectible loans in Central Europe; in contrast, currency developments led to an increase of € 15 million. The NPE ratio based on total exposure decreased 0.1 percentage points to 2.5 per cent and the NPE coverage ratio increased, also by 0.1 percentage points, to 58.4 per cent.

Since the start of the year, non-financial corporations recorded a slight increase of € 4 million to € 2,084 million, mainly due to the increase in the Group Corporates & Markets segment, which was offset by sales, recoveries and derecognitions especially in Central Europe in a total amount of € 35 million. The ratio of non-performing risk positions to total credit exposure decreased 0.2 percentage points to 4.8 per cent, and the coverage ratio increased 0.1 percentage points to 55.0 per cent. In the households portfolio, non-performing exposure declined € 4 million to € 1,225 million. The ratio of the non-performing exposure to total credit exposure decreased 0.1 percentage points to 3.7 per cent, and the coverage ratio increased 1.2 percentage points to 63.7 per cent. In the other financial corporations portfolio, the non-performing exposure declined € 2 million to € 79 million and the coverage ratio declined 9.1 percentage points to € 71.8 per cent. For banks, non-performing risk positions at the end of the first quarter were € 10 million higher compared to year-end 2018 at € 19 million and the coverage ratio stood at over 100 per cent.

The following table shows the share of non-performing exposure (NPE) by segment (exluding items off the statement of financial position):

	NPE		NPE ratio		NPE coverage ratio	
in € million	31/3/2019	31/12/2018	31/3/2019	31/12/2018	31/3/2019	31/12/2018
Central Europe	1,076	1,131	2.7%	2.8%	57.2%	56.0%
Southeastern Europe	835	849	3.5%	3.6%	64.0%	63.5%
Eastern Europe	505	492	2.8%	2.9%	60.9%	61.8%
Group Corporates & Markets	963	899	2.3%	2.4%	53.3%	54.1%
Corporate Center	38	38	0.1%	0.2%	61.6%	62.3%
Total	**3,418**	**3,409**	**2.5%**	**2.6%**	**58.4%**	**58.3%**

In Central Europe, the non-performing exposure declined € 55 million to € 1,076 million, primarily due to sales, recoveries and derecognitions in the Czech Republic and Hungary in a total amount of € 31 million. The NPE ratio decreased 0.1 percentage points to 2.7 per cent, and the NPE coverage ratio increased 1.2 percentage points to 57.2 per cent.

In Southeastern Europe, non-performing exposure decreased € 13 million compared to the start of the year to € 835 million, driven by factors including slight declines in Romania, Croatia, Bulgaria and Albania amounting to € 14 million in total. The NPE ratio recorded a slight fall of 0.1 percentage points to 3.5 per cent, and the coverage ratio increased 0.5 percentage points to 64.0 per cent.

The Eastern Europe segment reported an increase in non-performing exposure of 2.7 per cent, or € 13 million, to € 505 million, including € 10 million in Russia and € 2 million in Ukraine, driven by effects from the currency appreciation of the Ukrainian hryvnia and the Russian ruble. The ratio of the non-performing exposure to total credit exposure decreased 0.1 percentage points to 2.8 per cent, and the coverage ratio increased 0.9 percentage points to 60.9 per cent.

The non-performing exposure in the Group Corporates & Markets segment increased € 64 million in the first quarter to € 963 million. In the reporting period, the non-performing exposure at RBI AG increased € 69 million due to default events, while Raiffeisen Leasing Group remained unchanged compared to the start of the year. The NPE ratio declined 0.1 percentage points to 2.3 per cent, and the NPE coverage ratio decreased 0.8 percentage points compared to the start of the year to 53.3 per cent.

Starting with the first quarter of 2019, the following table shows the total non-performing exposure with restructuring measures. The previous year's values which included the forborne exposures have therefore been adjusted.

	Refinancing		Instruments with modified time and modified conditions		NPE total	
in € million	31/3/2019	31/12/2018	31/3/2019	31/12/2018	31/3/2019	31/12/2018
General governments	0	0	0	0	0	0
Banks	0	0	0	0	0	0
Other financial corporations	14	13	32	35	46	47
Non-financial corporations	76	83	1,114	1,149	1,190	1,232
Households	41	41	13	1	54	42
Total	**131**	**136**	**1,159**	**1,185**	**1,290**	**1,321**

The portfolio with accompanying restructuring measures reduced further in the first quarter of 2019, notably due to the continuing recovery of the relevant customers.

The following table shows the breakdown by segment of the non-performing exposure with restructuring measures:

in € million	31/3/2019	Share	31/12/2018	Share
Central Europe	222	17.2%	227	17.2%
Southeastern Europe	260	20.1%	245	18.6%
Eastern Europe	218	16.9%	233	17.6%
Group Corporates & Markets	590	45.7%	616	46.6%
Total	**1,290**	**100.0%**	**1,321**	**100.0%**

Concentration risk

The credit portfolio of the Group is well diversified in terms of geographical region and industry. Single name concentrations are also actively managed (based on the concept of groups of connected customers) by way of limits and regular reporting. As a result, portfolio granularity is high.

As part of the Group's strategic realignment, the limit structures for concentration risk were reviewed for each customer segment. The regional breakdown of the exposures reflects the broad diversification of credit business in the Group's Markets.

The following table shows the distribution of credit exposures across all asset classes by the country of risk, grouped by regions:

in € million	31/3/2019	Share	31/12/2018	Share
Central Europe	**48,407**	**26.9%**	**48,379**	**27.8%**
Czech Republic	20,429	11.4%	20,600	11.8%
Slovakia	15,301	8.5%	15,721	9.0%
Hungary	7,439	4.1%	6,903	4.0%
Poland	4,897	2.7%	4,806	2.8%
Other	341	0.2%	349	0.2%
Austria	**40,645**	**22.6%**	**39,683**	**22.8%**
Other European Union	**31,026**	**17.2%**	**26,804**	**15.4%**
Germany	10,142	5.6%	9,073	5.2%
Great Britain	6,942	3.9%	5,460	3.1%
France	5,098	2.8%	3,947	2.3%
Luxembourg	2,064	1.1%	1,701	1.0%
Spain	1,340	0.7%	1,137	0.7%
Netherlands	1,192	0.7%	1,319	0.8%
Italy	920	0.5%	838	0.5%
Other	3,327	1.8%	3,328	1.9%
Southeastern Europe	**27,735**	**15.4%**	**28,435**	**16.3%**
Romania	10,469	5.8%	11,273	6.5%
Croatia	5,200	2.9%	5,008	2.9%
Bulgaria	4,563	2.5%	4,614	2.6%
Serbia	3,008	1.7%	3,016	1.7%
Bosnia and Herzegovina	2,144	1.2%	2,191	1.3%
Albania	1,517	0.8%	1,532	0.9%
Other	834	0.5%	800	0.5%

in € million	31/3/2019	Share	31/12/2018	Share
Eastern Europe	**23,705**	**13.2%**	**22,679**	**13.0%**
Russia	18,682	10.4%	17,803	10.2%
Ukraine	2,833	1.6%	2,816	1.6%
Belarus	1,995	1.1%	1,871	1.1%
Other	196	0.1%	190	0.1%
North America	**2,525**	**1.4%**	**2,382**	**1.4%**
Asia	**2,276**	**1.3%**	**2,011**	**1.2%**
Switzerland	**2,185**	**1.2%**	**2,427**	**1.4%**
Rest of World	**1,400**	**0.8%**	**1,498**	**0.9%**
Total	**179,903**	**100.0%**	**174,299**	**100.0%**

The credit exposure of all asset classes increased € 5,605 million compared to year-end 2018 to € 179,903 million. The largest increase, of € 4,221 million, to € 31,026 million, in other European Union, was mainly due to repo business in France, Germany and Great Britain. In addition, the portfolio of bonds, as well as money market and swap transactions, increased in Germany. The decline in Romania of € 805 million to € 10,469 million was responsible for the decline in Southeastern Europe. Romania reported a decrease in the portfolio of bonds and the minimum reserve as well as a reduction in facility financing and repo business. The increase in Eastern Europe of € 1,026 million to € 23,705 million mainly resulted from Russia and the appreciation of the Russian ruble and the Ukrainian hryvnia. In Russia, credit financing, guarantees issued, the minimum reserve and retail business reported an increase. This rise was offset by a decline in the portfolio of bonds and in repo business.

The following table shows credit exposure across all asset classes by currencies:

in € million	31/3/2019	Share	31/12/2018	Share
Euro (EUR)	97,974	54.5%	95,470	54.8%
Czech koruna (CZK)	18,315	10.2%	18,657	10.7%
US-Dollar (USD)	17,838	9.9%	16,423	9.4%
Russian ruble (RUB)	14,521	8.1%	12,969	7.4%
Romanian leu (RON)	6,745	3.7%	7,108	4.1%
Hungarian forint (HUF)	6,012	3.3%	5,526	3.2%
Swiss franc (CHF)	3,028	1.7%	3,004	1.7%
Croatian kuna (HRK)	2,894	1.6%	2,748	1.6%
Bulgarian lev (BGN)	2,814	1.6%	2,907	1.7%
Ukrainian hryvnia (UAH)	2,161	1.2%	2,109	1.2%
Bosnian marka (BAM)	2,136	1.2%	2,165	1.2%
Serbian dinar (RSD)	1,309	0.7%	1,358	0.8%
Albanian lek (ALL)	1,058	0.6%	1,076	0.6%
Other foreign currencies	3,097	1.7%	2,779	1.6%
Total	**179,903**	**100.0%**	**174,299**	**100.0%**

The increase in euro exposure of € 2,504 million to € 97,974 million was mainly due to credit financing and repo business. The US dollar exposure increased € 1,415 million to € 17,838 million due to repo business. With regard to Russian ruble exposure, credit financing and an increase in the minimum reserve resulted in growth of € 1,552 million to € 14,521 million. The Russian ruble also appreciated.

The following table shows the Group's total credit exposure based on customer industry classification:

in € million	31/3/2019	Share	31/12/2018	Share
Banking and insurance	53,233	29.6%	50,711	29.1%
Private households	36,286	20.2%	35,298	20.3%
Public administration and defence and social insurance institutions	14,812	8.2%	14,168	8.1%
Wholesale trade and commission trade (except car trading)	12,950	7.2%	12,794	7.3%
Other manufacturing	11,446	6.4%	11,410	6.5%
Real estate activities	9,110	5.1%	9,255	5.3%
Construction	5,383	3.0%	5,273	3.0%
Other business activities	6,277	3.5%	6,113	3.5%
Retail trade except repair of motor vehicles	4,320	2.4%	3,983	2.3%
Electricity, gas, steam and hot water supply	3,260	1.8%	3,269	1.9%
Manufacture of basic metals	2,412	1.3%	2,202	1.3%
Other transport	1,685	0.9%	1,571	0.9%
Land transport, transport via pipelines	2,189	1.2%	2,187	1.3%
Manufacture of food products and beverages	1,846	1.0%	1,900	1.1%
Manufacture of machinery and equipment	1,657	0.9%	1,648	0.9%
Sale of motor vehicles	1,090	0.6%	1,028	0.6%
Extraction of crude petroleum and natural gas	440	0.2%	494	0.3%
Other industries	11,508	6.4%	10,996	6.3%
Total	**179,903**	**100.0%**	**174,299**	**100.0%**

(44) Market risk

Market risk management is based on figures from an internal model that calculates value-at-risk (VaR) for changes in the following risk factors: foreign exchange, interest rate changes, credit spreads, implied volatility, equity indices and base spreads. The Austrian Financial Market Authority approved this model so that it can be used for calculating total capital requirements for market risks.

The following table shows the VaR for overall market risk in the trading and banking book for each risk type. The main drivers of the VaR result are risks arising from equity positions held in foreign currencies, structural interest rate risks and credit spread risks in the bond books (frequently held as a liquidity reserve).

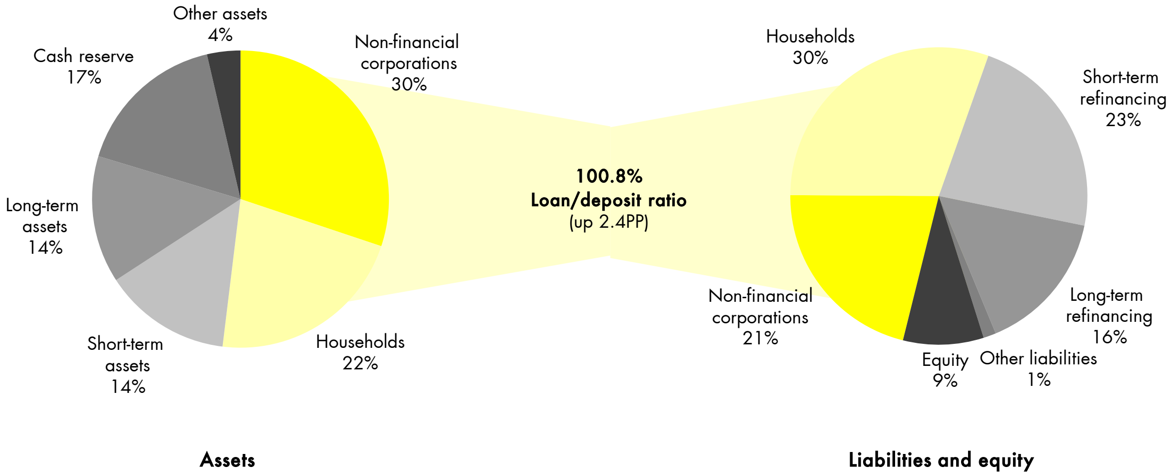
Total VaR 99% 1d in € million	VaR as at 31/3/2019	Average VaR	Minimum VaR	Maximum VaR	VaR as at 31/12/2018
Currency risk	10	9	7	12	10
Interest rate risk	10	11	9	14	11
Credit spread risk	19	17	14	23	20
Share price risk	1	0	0	1	1
Vega risk	1	1	0	1	0
Basis risk	4	4	3	5	5
Total	32	26	21	32	28

The overall currency risk includes equity of subsidiaries denominated in foreign currencies. The structural exchange rate risk resulting from equity capital is managed independently from the mainly short-term trading positions.

(45) Liquidity management

Funding structure

The Group's funding structure is highly focused on retail business in Central and Eastern Europe. In addition, as a result of the Austrian Raiffeisen Banking Group's strong local market presence, the Group also benefits from funding through the Raiffeisen Landesbanken. Different funding sources are utilized in accordance with the principle of diversification. These include the issue of international bonds by RBI AG, the issue of local bonds by the Group units and the use of third-party financing loans (including from supranationals). Partly due to tight country limits and partly due to beneficial pricing, the Group units also use interbank loans with third-party banks.



Liquidity position

The Going Concern report shows the structural liquidity position. It covers all material risk drivers which might affect the Group in a business as usual scenario. The results of the going concern scenario are shown in the following table. It illustrates excess liquidity and the ratio of expected cash inflows plus counterbalancing capacity to cash outflows (liquidity ratio) for selected maturities on a cumulative basis. Based on assumptions employing expert opinions, statistical analyses and country specifics, this calculation also incorporates estimates of the stability of customer deposits base, outflows from items off the statement of financial position and downward market movements in relation to positions which influence the liquidity counterbalancing capacity.

in € million	31/3/2019		31/12/2018	
Maturity	1 month	1 year	1 month	1 year
Liquidity gap	23,494	26,564	22,097	26,432
Liquidity ratio	146%	127%	151%	130%

Liquidity coverage ratio

The short-term resilience of banks requires corresponding liquidity coverage in the form of a liquidity coverage ratio (LCR). They must ensure that they have an adequate stock of unen-cumbered high-quality liquid assets (HQLA) to meet potential liability run offs that might occur in a crisis, which can be converted into cash to meet liquidity needs for a minimum of 30 calendar days in a liquidity stress scenario.

The calculation of expected inflows and outflows of funds and the HQLAs is based on regulatory guidelines The regulatory LCR limit is 100 per cent.

in € million	31/3/2019	31/12/2018
Average liquid assets	**26,685**	**29,140**
Net outflows	**18,310**	**21,706**
Inflows	12,536	8,392
Outflows	30,846	30,098
Liquidity Coverage Ratio	**146%**	**134%**

RBI AG has made a significant contribution to the increase in the Group's LCR. Firstly, average liquid assets have reduced, and on the other hand capital market transactions have led to a disproportionate increase in inflows. Deposits from corporate customers correspond to funding planning and support the growth in loans and advances to customers.

Net Stable Funding Ratio

The NSFR is defined as the ratio of available stable funding to required stable funding. The regulatory limit is expected to be set at 100 per cent and to be used for the first time in 2020. Available stable funding is defined as the portion of equity and debt which is expected to be a reliable source of funds over the time horizon of one year covered by the NSFR. A bank's required stable funding depends on the liquidity characteristics and residual maturities of the various assets and off-balance sheet positions. The RBI Group targets a balanced funding position. The regulatory provisions are currently being revised by the regulatory authorities.

in € million	31/3/2019	31/12/2018
Required stable funding	103,880	99,974
Available stable funding	116,371	114,337
Net Stable Funding Ratio	**112%**	**114%**

Other disclosures

(46) Related parties

The main companies exercising a significant influence are Raiffeisenlandesbank Niederösterreich-Wien AG, Vienna, as the largest single shareholder, and its parent company, Raiffeisen-Holding Nie-derösterreich-Wien registrierte Genossenschaft mit beschränkter Haftung, Vienna. Affiliated companies that are not consolidated due to immateriality are shown under affiliated companies.

Transactions with related parties are limited to banking business transactions that are carried out at fair market conditions. Moreover, members of the Management Board hold shares of RBI AG. Detailed information regarding this is published on the homepage of Raiffeisen Bank International.

31/3/2019 in € million	Companies with significant influence	Affiliated companies	Associates valued at equity	Other interests
Selected financial assets	**159**	**507**	**1,903**	**623**
Equity instruments	0	204	769	255
Debt securities	5	0	14	12
Loans and advances	154	303	1,120	357
Selected financial liabilities	**1,989**	**106**	**5,021**	**608**
Deposits	1,989	106	5,021	608
Debt securities issued	0	0	0	0
Other items	**202**	**32**	**317**	**137**
Loan commitments, financial guarantees and other commitments given	183	32	285	115
Loan commitments, financial guarantees and other commitments received	20	0	32	22

31/12/2018 in € million	Companies with significant influence	Affiliated companies	Associates valued at equity	Other interests
Selected financial assets	**201**	**439**	**1,792**	**690**
Equity instruments	0	199	765	266
Debt securities	14	0	44	12
Loans and advances	187	240	983	411
Selected financial liabilities	**2,000**	**107**	**4,849**	**472**
Deposits	2,000	106	4,849	472
Debt securities issued	0	1	0	0
Other items	**187**	**45**	**500**	**132**
Loan commitments, financial guarantees and other commitments given	167	45	469	108
Loan commitments, financial guarantees and other commitments received	20	0	31	24

1/1-31/3/2019 in € million	Companies with significant influence	Affiliated companies	Associates valued at equity	Other interests
Interest income	1	2	2	4
Interest expenses	(2)	0	(6)	(1)
Dividend income	0	0	7	0
Fee and commission income	1	1	3	1
Fee and commission expenses	(1)	(4)	(1)	0

1/1-31/3/2018 in € million	Companies with significant influence	Affiliated companies	Associates valued at equity	Other interests
Interest income	10	2	3	4
Interest expenses	(15)	0	(9)	0
Dividend income	0	0	1	0
Fee and commission income	1	5	3	2
Fee and commission expenses	0	0	(2)	(3)

(47) Average number of staff

Full-time equivalents	1/1-31/3/2019	1/1-31/3/2018
Salaried employees	46,557	49,137
Wage earners	605	868
Total	**47,162**	**50,005**

Regulatory information

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

Based on an annually undertaken Supervisory Review and Evaluation Process (SREP), the ECB currently instructs RBI by way of an official notification to hold additional common equity tier 1 capital to cover risks which are not or not adequately covered under Pillar I.

The so-called Pillar 2 requirement is calculated based on the business model, risk management or capital situation, for example. In addition, the RBI Group is subject to the minimum requirements of the CRR and the combined buffer requirement. The combined buffer requirement for the RBI Group currently contains a capital conservation buffer, a systemic risk buffer and a countercyclical buffer. As at 31 March 2019, the CET1 ratio requirement (including the combined buffer requirement) is 11.5 per cent for the RBI Group. A breach of the combined buffer requirement would induce constraints, for example in relation to dividend distributions and coupon payments on certain capital instruments. The capital requirements applicable during the year were complied with, including an adequate buffer, on both a consolidated and individual basis.

National supervisors can principally determine systemic risk buffers (up to 5 per cent) as well as additional capital add-ons for systemic banks (up to 3.5 per cent). In the event that systemic risk buffers as well as add-ons for systemic banks are determined for an institution, only the higher of the two values is applicable. In September 2015, the responsible Financial Market Stability Board (FMSB) of the FMA recommended the requirement of a systemic risk buffer (SRB) for certain banks, including RBI. This came into force as of the beginning of 2016 through the FMA via the Capital Buffer Regulation. The SRB for RBI was set at 0.25 per cent in the year 2016, was raised to 0.50 per cent from 1 January 2017 on and this progressively increases to 2 per cent by 2019.

The establishment of a countercyclical buffer is also the responsibility of the national supervisors and results in a weighted average at the level of the RBI Group in order to curb excessive lending growth. This buffer was set at 0 per cent in Austria for the present time due to restrained lending growth and the stable macroeconomic environment. The buffer rates defined in other member states apply at the level of the RBI Group (based on a weighted calculation of averages).

Further expected regulatory changes and developments are monitored, and included and analyzed in scenario calculations undertaken by Group Regulatory Affairs on an ongoing basis. Potential effects are taken into account in planning and governance, insofar as the extent and implementation are foreseeable.

Total capital

The following consolidated figures have been calculated in accordance with the provisions of the Capital Requirements Regulation (CRR) and other statutory provisions such as the Implementing Technical Standards (ITS) of the European Banking Authority (EBA).

As at 31 March 2019, RBI's common equity tier (CET1) after deductions amounted to € 9,965 million, representing a € 263 million increase compared to the 2018 year-end figure. Material factors behind the improvement were foreign exchange effects directly booked in equity and changes to qualifying minority interests. Tier 1 capital after deductions increased € 251 million to € 11,179 million solely as a result of the the increase in CET1. There was a € 75 million reduction in tier 2 capital to € 2,283 million, mainly due to the regulatory amortization of outstanding issues. RBI's total capital amounted to € 13,462 million, representing an increase of € 176 million compared to the 2018 year-end figure.

Risk-weighted assets (total RWA) reached € 74,218 million as at 31 March 2019. The major factor for the € 1,546 million increase was new loan business, as well as general business developments in Bulgaria and at RBI AG. Foreign exchange effects also raised risk-weighted assets (total RWA), primarily due to the Russian ruble. The changes in market risk and operational risk balanced each other out.

As a result, the common equity tier 1 ratio (fully loaded) was 13.4 per cent, the tier 1 ratio (fully loaded) was 14.9 per cent and the total capital ratio (fully loaded) was 18.0 per cent. All the ratios are essentially unchanged from the end of 2018.

The capital ratios including interim profit from the first quarter would be around 18 basis points higher than the presented ratios (common equity tier 1 ratio, tier 1 ratio, and total capital ratio).

in € million	31/3/2019	31/12/2018
Paid-in capital	5,974	5,974
Earned capital	4,224	4,034
Non-controlling interests	482	429
Common equity tier 1 (before deductions)	**10,679**	**10,436**
Deduction intangible fixed assets/goodwill	(678)	(699)
Deduction provision shortage for IRB positions	0	0
Deductions for net new provisioning	(11)	0
Deduction securitizations	(15)	(15)
Deduction deferred tax assets	0	0
Deduction loss carry forwards	(11)	(20)
Deduction insurance and other investments	0	0
Common equity tier 1 (after deductions)	**9,965**	**9,702**
Additional tier 1	1,206	1,221
Non-controlling interests	8	5
Deduction intangible fixed assets/goodwill	0	0
Deduction provision shortage for IRB positions	0	0
Tier 1	**11,179**	**10,928**
Long-term subordinated capital	2,010	2,087
Non-controlling interests	41	41
Provision excess of internal rating approach positions	232	229
Tier 2 (after deductions)	**2,283**	**2,358**
Total capital	**13,462**	**13,286**
Total capital requirement	**5,937**	**5,814**
Common equity tier 1 ratio (transitional)	13.4%	13.4%
Common equity tier 1 ratio (fully loaded)	13.4%	13.4%
Tier 1 ratio (transitional)	15.1%	15.0%
Tier 1 ratio (fully loaded)	14.9%	14.9%
Total capital ratio (transitional)	18.1%	18.3%
Total capital ratio (fully loaded)	18.0%	18.2%

1 In the course of the regulatory reporting process, the reduction of tier 2 capital due to the adjustment of an eligible threshold resulted in a correction of the total capital as at 31 December 2018.

The transitional ratios are the currently applicable ratios according to CRR requirements under consideration of the applicable transitional provisions for the current calendar year set out in Part 10 of the CRR. The CRR Supplementary Regulation (CRR-BV) published by the FMA were also used as a basis.

The fully loaded ratios are for information purposes only and are calculated assuming full implementation without taking the transitional provisions into account.

As at 31 March 2019, direct transitional provisions were no longer applied for RBI. Consequently, there were no effects for the common equity tier 1 ratio. Only the tier 1 ratio and the total capital ratio showed differences due to capital instruments which are no longer eligible.

Total capital requirement and risk-weighted assets

in € million	31/3/2019	31/12/2018
Total capital requirement for credit risk	5,020	4,895
Internal rating approach	3,097	3,060
Standardized approach	1,905	1,817
CVA risk	19	17
Total capital requirement for position risk in bonds, equities, commodities and open currency positions	274	303
Total capital requirement for operational risk	644	616
Total capital requirement	**5,937**	**5,814**
Risk-weighted assets (total RWA)	**74,218**	**72,672**

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

in € million	31/3/2019	31/12/2018
Risk-weighted assets according to standardized approach	**23,708**	**22,719**
Central governments and central banks	644	541
Regional governments	104	98
Public administration and non-profit organizations	30	31
Multilateral development banks	0	0
Banks	190	171
Corporate customers	6,941	7,031
Retail customers	10,795	10,504
Equity exposures	1,851	1,823
Covered bonds	12	13
Mutual funds	53	53
Securitization position	0	0
Other positions	3,089	2,454
Risk-weighted assets according to internal rating approach	**38,811**	**38,250**
Central governments and central banks	1,910	2,187
Banks	1,587	1,424
Corporate customers	28,528	27,876
Retail customers	5,884	5,971
Equity exposures	402	374
Securitization position	500	419
CVA risk	**233**	**214**
Basel I floor	**0**	**0**
Risk-weighted assets (credit risk)	**62,752**	**61,182**
Total capital requirement (credit risk)	**5,020**	**4,895**

Leverage ratio

The leverage ratio is defined in Part 7 of the CRR and as at 31 March 2019 was not yet a mandatory quantitative requirement. Until then it serves only information purposes.

in € million	31/3/2019	31/12/2018
Leverage exposure	170,717	163,077
Tier 1	11,179	10,928
Leverage ratio (transitional)	**6.5%**	**6.7%**
Leverage ratio (fully loaded)	6.5%	6.6%

Events after the reporting date

There were no significant events after the reporting date.

Glossary

Common equity tier 1 ratio (fully loaded) – Common equity tier 1 as a percentage of risk-weighted assets (total RWA) according to CRR/CRD IV, without application of the transitional provisions set out in Part Ten of CRR and the accompanying CRR regulation of the FMA, respectively (425th regulation issued on 11 December 2013).

Common equity tier 1 ratio (transitional) – Common equity tier 1 as a percentage of risk-weighted assets (total RWA) according to CRR/CRD IV methodology.

Earnings per share - Profit/loss attributable to ordinary shares divided by the average number of ordinary shares outstanding in the reporting period.

LCR – Liquidity Coverage Ratio. The LCR supports the short-term resilience of banks by ensuring that they have an adequate stock of unencumbered high-quality liquid assets (HQLA) to meet potential liability run offs that might occur in a crisis, which can be converted into cash to meet liquidity needs for a minimum of 30 calendar days in a liquidity stress scenario.

Leverage ratio – The ratio of tier 1 capital to specific exposures on and off the statement of financial position calculated in accordance with the methodology set out in CRD IV.

NSFR – Net Stable Funding Ratio. Relation of available stable funding to required stable funding.

Risk-weighted assets (RWA credit risk) – The sum of the weighted accounts receivable including receivables in the form of items on and off the statement of financial position and CVA (Credit Value Adjustment) risk.

Risk-weighted assets (total RWA) – Risk-weighted assets (credit risk, CVA risk) including market risk and operational risk.

Tier 1 ratio (transitional) – Tier 1 capital to risk-weighted assets (total RWA).

Total capital ratio – Total capital as a percentage of risk-weighted assets (total RWA).

Alternative Performance Measures (APM)

The Group uses alternative performance measures in its financial reporting, not defined by IFRS or CRR regulations, to describe RBI Group's financial position and performance. These should not be viewed in isolation, but treated as supplementary information.

For the purpose of the analysis and description of the performance and the financial position these ratios are commonly used within the financial industry. The special items used below to calculate some alternative performance measures arise from the nature of Group’s business, i.e. that of a universal banking group. However it is to mention that the definitions mostly vary between companies. Please find the definitions of these ratios below.

Consolidated return on equity – consolidated profit in relation to average consolidated equity, i.e. the equity attributable to the shareholders of RBI. Average equity is based on month-end figures excluding non-controlling interests and does not include current year profit.

Cost/income ratio is an economic metric and shows the company’s costs in relation to its income. The ratio gives a clear view of operational efficiency. Banks use the cost/income ratio as an efficiency measure for steering the bank and for easily comparing its efficiency with other financial institutions. General administrative expenses in relation to operating income are calculated for the cost/income ratio. General administrative expenses comprise staff expenses, other administrative expenses and depreciation/amortization of intangible and tangible fixed assets. Operating income comprises net interest income, dividend income, net fee and commission income, net trading income and fair value result, net gains/losses from hedge accounting and other net operating income.

Effective tax rate (ETR) gives a good understanding of the tax rate the company faces and simplifies comparison among companies. It will often differ from the company´s jurisdictional tax rate due to many accounting factors. The effective tax rate of a company is the average rate at which its pre-tax profits are taxed. It is calculated by dividing total tax expense (income taxes) by profit before tax. Total tax expense includes current income taxes and deferred taxes.

Loan/deposit ratio indicates a bank's ability to refinance its loans by deposits rather than wholesale funding. It is calculated with loans to non-financial corporations and households in relation to deposits from non-financial corporations and households.

Net interest margin is used for external comparison with other banks as well as an internal profitability measurement of products and segments. It is caulcauted with net interest income set in relation to average interest-bearing assets (total assets less investments in subsidiaries and associates, intangible fixed assets, tangible fixed assets, tax assets and other assets).

NPE – Non-performing exposure. It contains all non-performing loans and debt securities according to the applicable definition of the EBA document Implementing Technical Standards (ITS) on Supervisory Reporting (Forbearance and non-performing exposures) and comprises all defaulted non-performing loans and debt securities and non-defaulted non-performing loans and debt securities.

NPL – Non-performing loans. It contains all non-performing loans according to the applicable definition of the EBA document Implementing Technical Standards (ITS) on Supervisory Reporting (Forbearance and non-performing exposures) and comprises all defaulted non-performing loans and and non-defaulted non-performing loans.

NPE ratio is an economic ratio to demonstrate the proportion of non-defaulted and defaulted non-performing loans and debt securities according to the applicable EBA definition in relation to the entire loan portfolio of customers and banks (gross carrying amount) and debt securities. The ratio reflects the quality of the loan portfolio of the bank and provides an indicator for the performance of the bank's credit risk management.

NPL ratio is an economic ratio to demonstrate the proportion of non-defaulted and defaulted non-performing loans according to the applicable EBA definition in relation to the entire loan portfolio of customers and banks. The ratio reflects the quality of the loan portfolio of the bank and provides an indicator for the performance of the bank's credit risk management.

NPE coverage ratio describes to which extent, non-defaulted and defaulted non-performing loans and debt securities have been covered by impairments (stage 3) thus expressing also the ability of a bank to absorb losses from its NPE. It is calculated with impairment losses on loans to customers and banks and on debt securities in relation to non-defaulted and defaulted non-performing loans to customers and banks and debt securities.

NPL coverage ratio describes to which extent, non-defaulted and defaulted non-performing loans have been covered by impairments (stage 3) thus expressing also the ability of a bank to absorb losses from its NPE. It is calculated with impairment losses on loans to customers and banks set in relation to non-defaulted and defaulted non-performing loans to customers and banks.

Operating result is used to describe the operative performance of a bank for the reporting period. It consists of operating income less general administrative expenses.

Operating income – It comprises net interest income, dividend income, net fee and commission income, net trading income and fair value result, net gains/losses from hedge accounting and other net operating income.

Other result – Consists of impairment/reversal of impairment on investments in subsidiaries, joint ventures and associates, impairment on non-financial assets, negative goodwill recognized in profit or loss, current income from investments in subsidiaries and associates, result from non-current assets and disposal groups classified as held for sale and deconsolidation.

Provisioning ratio is an indicator for development of risk costs and provisioning policy of an enterprise. It is computed by dividing impairment or reversal of impairment on financial assets (customers loans) by average loans to customers (categories: financial assets measured at amortized cost and financial assets at fair value through other comprehensive income).

Return on assets (ROA before/after tax) is a profitability ratio and measures how efficiently a company can manage its assets to produce profits during a period. It is computed by dividing profit before tax/after tax by average assets (based on total assets, average means the average of year-end figure and the relevant month´s figures).

Return on equity (ROE before/after tax) provides a profitability measure for both management and investors by expressing the net profit for the period as presented in the income statement as a percentage of the respective underlying (either equity related or asset related). Return on equity demonstrates the profitability of the bank on the capital invested by its shareholders and thus the success of their investment. Return on equity is a useful measure to easily compare the profitability of a bank with other financial institutions. Return on the total equity including non-controlling interests, i.e. profit before tax respectively after tax in relation to average equity on the statement of financial position. Average equity is calculated on month-end figures including non-controlling interests and does not include current year profit.

Return on risk-adjusted capital (RORAC) is a ratio of a risk-adjusted performance management and shows the yield on the risk-adjusted capital (economic capital). The return on risk-adjusted capital is computed by dividing consolidated profit by the risk-adjusted capital (i.e. average economic capital). This capital requirement is calculated within the economic capital model for credit, market and operational risk.

Publication details/Disclaimer

Publication details

Publisher: Raiffeisen Bank International AG, Am Stadtpark 9, 1030 Vienna, Austria
Editorial team: Group Investor Relations
Editorial deadline: 10 May 2019
Production: In-house using Firesys financial reporting system
Internet: www.rbinternational.com

This report is also available in German.

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

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

Disclaimer

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

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

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

www.rbinternational.com