Raiffeisen Bank International

First Quarter Report 2020

Overview

Raiffeisen Bank International (RBI)

Monetary values in € million	2020	2019	Change
Income statement	**1/1-31/3**	**1/1-31/3[1]**	
Net interest income	881	825	6.9%
Net fee and commission income	448	402	11.4%
General administrative expenses	(755)	(724)	4.3%
Operating result	650	489	32.8%
Impairment losses on financial assets	(153)	(9)	>500.0%
Profit/loss before tax	286	340	(15.8)%
Profit/loss after tax	207	259	(19.9)%
Consolidated profit/loss	177	226	(21.8)%
Statement of financial position	**31/3**	**31/12**	
Loans to banks	8,224	9,435	(12.8)%
Loans to customers	92,198	91,204	1.1%
Deposits from banks	25,146	23,607	6.5%
Deposits from customers	97,084	96,214	0.9%
Equity	13,177	13,765	(4.3)%
Total assets	155,596	152,200	2.2%
Key ratios	**1/1-31/3**	**1/1-31/3[1]**	
Return on equity before tax	8.5%	10.9%	(2.4) PP
Return on equity after tax	6.1%	8.3%	(2.2) PP
Consolidated return on equity	5.6%	7.9%	(2.3) PP
Cost/income ratio	53.8%	59.7%	(5.9) PP
Return on assets before tax	0.74%	0.94%	(0.20) PP
Net interest margin (average interest-bearing assets)	2.43%	2.43%	0.00 PP
Provisioning ratio (average loans to customers)	0.66%	0.04%	0.62 PP
Bank-specific information	**31/3**	**31/12**	
NPE ratio	2.0%	2.1%	(0.1) PP
NPE coverage ratio	62.4%	61.0%	1.5 PP
Total risk-weighted assets (RWA)	78,181	77,966	0.3%
Common equity tier 1 ratio[2]	13.0%	13.9%	(0.9) PP
Tier 1 ratio[2]	14.5%	15.4%	(0.9) PP
Total capital ratio[2]	16.8%	17.9%	(1.1) PP
Stock data	**1/1-31/3**	**1/1-31/3**	
Earnings per share in €	0.49	0.64	(23.4)%
Closing price in € (31/3)	13.38	20.01	(33.2)%
High (closing prices) in €	22.92	24.31	(5.7)%
Low (closing prices) in €	11.25	18.69	(39.8)%
Number of shares in million (31/3)	328.94	328.94	0.0%
Market capitalization in € million (31/3)	4,400	6,582	(33.2)%
Resources	**31/3**	**31/12**	
Employees as at reporting date (full-time equivalents)	46,760	46,873	(0.2)%
Business outlets	2,000	2,040	(2.0)%
Customers in million	16.8	16.7	0.1%

1 Previous-year figures adapted due to changed allocation. Further details can be found in the notes.
2 Fully loaded - including result

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. The ratios referenced in this report are defined in the consolidated financial statements under key figures.

Content

Foreword by the CEO, Johann Strobl

Dear Ladies and Gentlemen,

I would like to begin by expressing my heartfelt thanks to our shareholders, who have remained loyal to us despite the unfavorable recent share price development, and also to our customers who have continued to place their trust in us. A very special thanks goes to our colleagues who have demonstrated the highest level of flexibility and commitment during these difficult times.

As it became clear by February that COVID-19 would rapidly spread across Europe, most governments implemented lockdown measures which shut down large sections of the economy and placed severe restrictions on social interactions. These measures to protect public health were accompanied by equally unprecedented support programs intended to mitigate the worst economic consequences for companies and private households as well as the social impact. It is nevertheless highly likely that a substantial recession in Europe and worldwide will be unavoidable in 2020.

The protection of the health and welfare of our employees and customers is of utmost importance to RBI. For this purpose, we mobilized our crisis management team in February, which continuously monitors and analyzes the development of the situation and derives guidelines and recommended actions for the individual committees and decision-makers. RBI enforced working from home from the beginning of March. The proportion of employees working from home by the end of the first quarter was above 95 per cent for the Vienna head office – this was with full operational capacity and, in some cases, considerable increases to the workload and communication requirements. This would not have been possible without our recent extensive digital offensive.

Over recent weeks, we have provided our customers with comprehensive advice and support, be it for an extension or modification of financing or for applications for government support programs. Payment deferrals were offered to customers encountering financial difficulty as a result of the crisis, in some countries even before the implementation of such moratoriums by the respective governments. Our overall focus is on quickly identifying our customers' needs in terms of safeguarding liquidity along with financing and advisory requirements in the course of discussions and offering reliable and flexible solutions. The combination of personal expert advice and efficient execution resulting from the recent digitalization of our advisory and business processes has enabled us to fully capitalize on our strength as a universal bank during the current crisis.

While operating income continued to strongly increase year-on-year in the first quarter of 2020, as planned, it is already evident from the decline in the development of profit after tax that the COVID-19 crisis will have a significant impact on our business. Risk costs – starting from very low levels in the two preceding years – have risen considerably, with the majority of the increase relating to the pandemic. We have a sound capital basis, have adapted our liquidity management in response to the uncertainties relating to the crisis, and will also reflect the changed customer business requirements in the structure of our balance sheet. We are therefore confident that we will overcome the challenges that lay before us.

As the restrictions on holding large events are still in place, we have announced that this year's Annual General Meeting has been rescheduled to 20 October from 18 June, as had been previously communicated.

The year 2020 has begun in a different way to one that any of us would have wished for or expected. A glimmer of hope is that the pandemic in Europe appears to have passed its peak and initial steps back to normality are possible. We have maintained banking operations while safeguarding the health of our employees and customers and were able to support the latter with our advisory and financial services during this critical period. An analysis of customer satisfaction has demonstrated that over 90 per cent of those questioned were satisfied or very satisfied with the communication and support of our Relationship Managers during the COVID-19 crisis. We see this as a confirmation and further incentive to continue down this path and we would like to express our thanks for the trust placed in us during these exceptional and indisputably difficult times. We continue to be there for you!

Yours,

Johann Strobl

RBI in the capital markets

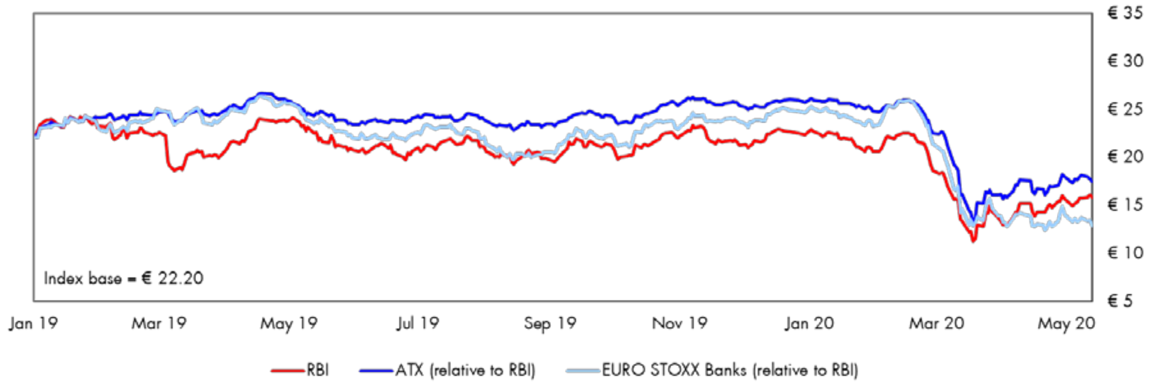
Performance of RBI stock

While European and US stock markets were still posting gains at the beginning of the year, some even reaching new all-time highs, the trend came to an abrupt end from the middle of February due to the rapid spread of COVID-19 across Europe and the US. Once it became apparent that there was not enough time to trace and isolate all cases, the pandemic progressed, leading to panic selling and losses of historic proportions on the financial markets. Initially, the central banks attempted to stave off the development with monetary policy measures though with little success. It was only after the implementation of severe restrictions on public activities and an extensive shutdown of non-essential shops and businesses with customer footfall that the rate of new cases started to gradually decline. The measures intended to contain the wave of infection were accompanied by unprecedented monetary support and aid programs, which were initiated by governments in order to help absorb the worst economic consequences for companies and private individuals. This eventually led to a certain calming of the financial markets and a gradual decline in volatility. European markets were to some extent able to recover from their lows, but recorded losses well into the double-digit percent range over the first quarter.

Against this backdrop, RBI stock declined by 40 per cent over the first quarter of 2020 and closed at € 13.38 on 31 March 2020. The EURO STOXX Banks index and the Austrian ATX stock index fell by 44 per cent and 37 per cent respectively over the same period.

From the end of the first quarter until the editorial deadline of this report on 13 May, RBI's stock gained 19 per cent and closed at € 15.88.

Price performance since 1 January 2019 compared to ATX and EURO STOXX Banks



Active capital market communication

On 6 February 2020, RBI reported preliminary results for the 2019 financial year. Following the publication of the final results for the 2019 financial year on 18 March 2020, the Management Board hosted a conference call with around 330 participants. As there were already restrictions on gatherings in Austria at that point, the usual meetings in Vienna in which the annual results are discussed in person with members of the press, investors and analysts, were also conducted through conference calls or web conferences.

Conference calls and investor presentations are available online at www.rbinternational.com → Investors → Presentations.

The normally numerous opportunities to obtain information in personal meetings during roadshows and conferences were also impacted by COVID-19 crisis measures. While there were still face-to-face meetings up until the middle of February in Frankfurt, London and Zurich, RBI offered weekly opportunities for analysts and equity and debt investors to discuss matters with RBI's CEO for the remainder of the quarter. These included one-on-ones, group meetings, and also larger virtual conference formats with open Q&A sessions.

The major topics discussed were the impact of COVID-19 on RBI's business as well as on risk costs in particular. However, questions relating to the capital position and planned dividend distribution were also discussed.

The aim of RBI's Investor Relations activities is to ensure a high level of transparency for market participants, through use of flexible and innovative formats, in what is a new situation for all stakeholders.

At the end of the first quarter of 2020, 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.

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 objectives. 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 stock has been listed on the Vienna Stock Exchange since 25 April 2005.

Share price (closing) as at 31 March 2020	€ 13.38
High/low (closing prices) in the first quarter 2020	€ 22.92/€ 11.25
Earnings per share from 1 January to 31 March 2020	€ 0.49
Book value per share as at 31 March 2020	€ 34.26
Market capitalization as at 31 March 2020	€ 4.4 billion
Average daily trading volume (single count) in the first quarter 2020	807,195 shares
Free float as at 31 March 2020	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 2020	328,939,621

Rating details

Rating	Moody's Investors Service	Standard & Poor's
Long-term rating	A3	A-
Outlook	stable	negative
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 2020

28 July 2020	Start of Quiet Period
11 August 2020	Semi-Annual Report, Conference Call
9 October 2020*	Record Date Annual General Meeting
20 October 2020*	Annual General Meeting
28 October 2020*	Ex-Dividend Date
29 October 2020*	Record Date Dividends
29 October 2020	Start of Quiet Period
30 October 2020*	Dividend Payment Date
12 November 2020	Third Quarter Report, Conference Call

* The postponement of the Annual General Meeting was also referenced in the ad hoc announcement on 8 April

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Group management report

Market development

The global spread of COVID-19 as well as the accompanying restrictions to contain the pandemic are shaping the development of the economy and financial markets in 2020. The lockdown of large areas of business activity is leading to a historically unique recession. The decline in GDP will be more immediate and at times deeper than in previous economic downturns and will be concentrated in the first and second quarters in Europe, North America and Asia. In addition to a sharp fall in investment and export demand, a strong decline in private consumption is also expected. Unlike in past recessions, there will also be a large reduction on the supply side in the business activities of a large part of the service sector – in particular travel and leisure as well as services involving personal contact. With the easing of restriction measures, there will be a bounce in economic activity. Nevertheless, the COVID-19 crisis is likely to have a mid-term impact. In most of the countries affected, it is anticipated that GDP will still not have reached the levels expected before the pandemic by the end of 2021.

GDP in the euro area is expected to decline by around 6.5 per cent year-on-year in 2020. The underutilization of the labor market will lead to a jump in the unemployment rate, which will however be mitigated by short-time working arrangements. The extensive government support programs will lead to a high budget deficit in all countries. The rate of inflation this year will be impacted by oil price volatility. Initially, the inflation rate is expected to continue to decline, but start to trend upwards in the second half of the year and reach a yearly average rate of around 0.5 per cent.

The European Central Bank reacted to the COVID-19 crisis with extensive measures. The existing asset purchase program (APP) was increased by € 120 billion until the end of the year. As part of a new additional temporary purchase program, the Pandemic Emergency Purchase Programme (PEPP), bonds in a volume of € 750 billion will be purchased by the year-end, whereby net purchases would total around € 1,050 billion by the end of the year. In addition, new refinancing operations were put in place, the conditions of existing operations were improved and standards for eligible collateral were eased. All in all, the monetary policy should augment the strongly expansive fiscal policy measures and ensure an abundant credit supply for the real economy at favorable conditions.

In the US, the Fed also introduced extensive measures. The key interest rate was reduced to just above zero, an unlimited bond purchase program was initiated and numerous credit and purchase programs to ensure the supply of liquidity to the real and financial economy were established. Monetary policy will also continue to be supportive over the medium term in order to accelerate the economic recovery.

The Austrian economy was still developing moderately positively at the beginning of 2020; however, the comparatively early, in a European context, implementation of measures to contain COVID-19 abruptly altered the initial starting point. For the entire 2020 year, a GDP decline of 7.2 per cent is expected as a result of economic freefall in the first half of the year and a rebound in the second, following growth of 1.6 per cent in 2019 (2021: growth of 5.9 per cent). The recession resulting from COVID-19 is likely to impact Austria more strongly than the euro area overall due to the greater importance of the tourism industry. On the demand side, unlike in all previous recessions, the current recession is marked by a sharp decline in private consumption.

Countries in the Central Europe (CE) region, especially Hungary, Slovakia and the Czech Republic, were able to effectively contain the spread of COVID-19 and therefore have comparatively low infection statistics. Nevertheless, as a result of the restrictions implemented in the region in 2020, a GDP decline of 5.2 per cent is expected, following growth of 3.7 per cent in 2019 (2021: growth of 4.9 per cent). The Czech Republic (decline of 7.6 per cent) and Slovakia (decline of 6.0 per cent) are expected to be most impacted. The depth of the recession is expected to be below the average in Hungary (decline of 3.5 per cent) and Poland (decline of 4.5 per cent). Unlike in Western Europe, the expected GDP declines in the CE region are not unprecedented and are comparable to those seen during the financial crisis (2009), except for in Poland. The demand-side element of the expected recession (sharp fall in private consumption) is also not a new experience in the CE region, unlike in Western Europe.

In the Southeastern Europe (SEE) region, real GDP is forecast to shrink by 6.5 per cent in 2020. The magnitude of the recession is expected to be above average in Croatia and Romania. In Romania, a decline of 7.0 per cent is expected, predominantly due to industry and exports of goods. In Croatia, mainly due to the tourism sector, a decline of around 8.5 per cent is to be expected. In 2019, the region's economy was largely driven by strong private consumption, which will no longer be the case in 2020. The increase in average consumer prices is likely to lose some momentum following the solid development in 2019 (2.9 per cent), with an annual average of 2.1 per cent forecast for 2020. As a result of the COVID-19 crisis, further rate cuts by central banks are to be expected in Serbia and Romania.

The Eastern Europe (EE) region, which encompasses Russia, Ukraine and Belarus, grew slowly in 2019, by an average of 1.5 per cent. The outlook for EE was dramatically altered by the combination of the COVID-19 pandemic and the oil price shock. A deep recession of 4.9 per cent is expected in 2020, with a recovery of 2.7 per cent in 2021. The Russian government has implemented relatively few economic support measures to date. However, Russia is in the favorable position of having a sound budgetary policy with low levels of government debt and substantial fiscal reserves from surpluses in prior years. These factors make a weak Russian ruble and budget deficit in 2020 manageable. However, the risk still remains that a persistently low oil price will weaken the Russian economy and weigh on growth in the longer term. As was previously the case, further sanctions imposed by the US cannot be fully excluded. Ukraine is dependent on external assistance from the IMF and other partners. A GDP contraction of 5 per cent is expected in Ukraine with a recovery of 3 per cent in 2021, providing that external support is received from the IMF. In Belarus, there were fewer lockdown measures in comparison with other countries, which may result in a lower direct economic impact from the pandemic. However, Belarus is negatively affected by the recession in Russia and low oil prices. These factors, together with fiscal and external trade weakness, lead to the expectation of a recession of 4.5 per cent in 2020. Belarus has applied for assistance from the IMF, which may approve the release of rapid assistance totaling USD 900 million in 2020.

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

Region/country	2018	2019	2020e	2021f
Czech Republic	2.9	2.5	(7.6)	6.6
Hungary	5.1	4.9	(3.5)	5.0
Poland	5.2	4.1	(4.5)	4.2
Slovakia	4.0	2.3	(6.0)	5.0
Central Europe	4.5	3.7	(5.2)	4.9
Albania	4.1	2.2	(4.0)	4.0
Bosnia and Herzegovina	3.7	2.6	(5.2)	3.3
Bulgaria	3.1	3.4	(6.0)	4.0
Croatia	2.7	2.9	(8.5)	3.0
Kosovo	3.8	4.2	(3.5)	4.0
Romania	4.0	4.1	(7.0)	4.5
Serbia	4.4	4.2	(4.0)	4.5
Southeastern Europe	3.7	3.7	(6.5)	4.2
Belarus	3.1	1.2	(4.5)	(0.5)
Russia	2.3	1.3	(4.9)	2.8
Ukraine	3.3	3.2	(5.0)	3.0
Eastern Europe	2.4	1.5	(4.9)	2.7
Austria	2.4	1.6	(7.2)	5.9
Germany	1.5	0.6	(5.9)	4.2
Euro area	1.9	1.2	(6.5)	4.9

Source: Raiffeisen Research – the above data is based on the research analysts' estimates (base case scenario) at the beginning of May 2020.

Significant events in the reporting period

Outbreak of the COVID-19 pandemic

The economic shutdown caused by the COVID-19 Pandemic in March 2020 has caused unprecedented economic repercussions to date. In rapid succession, countries where RBI is active imposed restrictions to limit the transmission of COVID-19. In order to alleviate the economic consequences caused by such restrictions, policy interventions have already been partially enacted to assist individuals, households, and businesses, as well as provide temporary supervisory relief measures for banks. Stabilization measures which affect RBI include payment moratoriums, direct government assistance programs and subsidies to mitigate the economic impact, as well as restrictions on cross-border capital movements and dividend payments.

Due to the expectation of a large-scale global recession, RBI anticipates a significant decline in profit for the current financial year. The immediate impact during the first quarter was an anticipation of expected impairment losses of approximately € 96 million, impairments on equity investments and goodwill amounting to approximately € 61 million, and a net loss for loan modifications of € 8 million. Further information about the impact can be found in the notes to the interim consolidated financial statements.

Payment moratoriums

Many of RBI's markets saw the introduction of various moratoriums that can essentially be summarized as payment moratoriums. Borrowers are granted a temporary deferral of obligations to make principal repayments as well as payments for interest and fees. The payment moratoriums are structured differently depending on local legislation. Borrowers in some countries (such as Austria, Croatia and Romania) can choose whether to make use of a payment moratorium, while those in other countries (such as Hungary and Serbia) are automatically granted payment moratoriums. Countries have implemented different approaches to both the duration of the payment moratorium (between three and nine months), and to the capitalization of interest during the moratorium period (with or without compound interest).

A change in payment plans may lead to a net present value loss on an individual loan contract, which is recognized in the other result of RBI as a one-off adjustment to the gross carrying amount resulting from an immaterial modification of the contract. In the first quarter, minus € 8 million was reflected in the result in this respect. Further effects can be expected in subsequent reporting periods.

Direct government programs

To counter the economic downturn caused by the COVID-19 pandemic, many countries have prepared and, in some cases, already adopted various economic support measures to protect jobs. The measures include various forms of direct financial support for individuals, households, and businesses, as well as bridge loans extended by banks and guaranteed by governments to ensure that companies have sufficient liquidity during the COVID-19 pandemic. Such measures are also in preparation in several countries where RBI operates.

Restrictions on capital movements and dividend payments

In order to strengthen the capital base of banks and financial institutions during the COVID-19 pandemic, many countries have introduced restrictions on dividend payments for the financial years 2019 and 2020, either through recommendations from supervisory authorities or through enacted legislation for the duration of the COVID-19 pandemic. In addition to the restrictions on dividend payments mentioned above, Bulgaria and Serbia have also restricted cross-border capital movements to ensure that banks and companies retain adequate liquidity.

Regulatory relief

In the context of the COVID-19 pandemic, both the ECB and the EBA enacted regulatory relief measures to enable banks supervised by the ECB to continue to play their central role in providing financing to households and businesses. The ECB will explicitly allow banks under its supervision to operate below the levels defined by the Pillar 2 guidance, the capital conservation buffer and the liquidity coverage ratio (LCR). Banks will also be allowed to use other capital instruments in addition to common equity tier 1 capital to meet capital requirements. This particular measure would have otherwise come into force at the beginning of 2021 as part of the implementation of CRD V (Capital Requirements Directive). Furthermore, the ECB is of the opinion that these measures should be supported by an appropriate relaxation of the countercyclical capital buffer by the national supervisory authorities.

The EBA also expects consistent application of the rules regarding the definition of default, forbearance and IFRS 9, and calls for the use of the full flexibility provided for in the regulations. In its view, the moratoriums introduced by the different countries do not automatically lead to a classification as forborne or defaulted, nor to a stage migration in the IFRS 9 ECL model.

Earnings and financial performance

It was a highly dynamic start to the 2020 financial year for RBI, with the business expanding according to plan and continued growth in core revenues. However, the COVID-19 pandemic has caused unprecedented turmoil on the financial markets since the end of February and led to restrictions being imposed in both the private and economic spheres. Bond yields, exchange rates, oil prices and equity prices plunged in March and volatility rose sharply on all markets. As a result, companies saw a reduction in the supply of liquidity, access to credit was initially limited and default probabilities rose accordingly. Governments and central banks reacted to these developments by pledging to take measures to mitigate the negative effects on companies and consumers.

Impairment losses on financial assets totaling € 153 million were recorded in the reporting period, compared to the very low level of € 9 million in the previous year. Operating income improved, posting an increase of € 191 million. This was primarily attributable to the net trading income and fair value result due to valuation losses in the previous year, as well as a rise in net interest income and net fee and commission income stemming from higher volumes. Consolidated profit declined € 49 million year-on-year to € 177 million. There was a negative impact of € 165 million on the result from direct and indirect effects of the COVID-19 crisis: this included anticipated risk costs resulting from implementation of post-model adjustments and adjustments to forward-looking information in the ECL calculation amounting to € 96 million, as well as initial modification results relating to payment moratoriums and impairments on equity investments and goodwill.

in € million	1/1-31/3/2020	1/1-31/3/2019[1]	Change	
Net interest income	881	825	57	6.9%
Dividend income	6	9	(3)	(34.7)%
Current income from investments in associates	(9)	23	(33)	–
Net fee and commission income	448	402	46	11.4%
Net trading income and fair value result	37	(52)	89	–
Net gains/losses from hedge accounting	12	6	6	97.8%
Other net operating income	29	0	29	>500.0%
Operating income	**1,405**	**1,213**	**191**	**15.8%**
Staff expenses	(402)	(379)	(24)	6.3%
Other administrative expenses	(259)	(257)	(2)	0.7%
Depreciation	(94)	(89)	(5)	6.1%
General administrative expenses	**(755)**	**(724)**	**(31)**	**4.3%**
Operating result	**650**	**489**	**160**	**32.8%**
Other result	(82)	(26)	(56)	212.6%
Levies and special governmental measures	(128)	(114)	(14)	12.5%
Impairment losses on financial assets	(153)	(9)	(144)	>500.0%
Profit/loss before tax	**286**	**340**	**(54)**	**(15.8)%**
Income taxes	(79)	(81)	2	(2.5)%
Profit/loss after tax	**207**	**259**	**(52)**	**(19.9)%**
Profit attributable to non-controlling interests	(31)	(33)	2	(7.0)%
Consolidated profit/loss	**177**	**226**	**(49)**	**(21.8)%**

1 Previous-year figures adapted due to changed allocation. Further information can be found in the notes.

Operating income

Operating income was up 16 per cent year-on-year, or € 191 million, to € 1,405 million. The Group's average interest-bearing assets rose 7 per cent, reflecting increases in the lending business and short-term investments – especially at head office. Overall, net interest income increased € 57 million to € 881 million. The net interest margin remained unchanged at 2.43 per cent. Current income from investments in associates declined € 33 million year-on-year to minus € 9 million, driven by the valuation of a listed equity interest (SoftwareOne) held by Raiffeisen Informatik GmbH & Co KG. Net fee and commission income rose € 46 million to € 448 million, primarily due to increases at head office and in Russia. The net trading income and fair value result also improved to € 37 million. The main factors behind the increase were valuation results from certificates issued (up € 61 million) due to higher credit spreads and interest rate changes, which led to valuation losses in the previous year. The valuation of a building society portfolio also resulted in a loss in the same period of the previous year. Other net operating income increased € 29 million year-on-year, primarily due to the release of an € 18 million provision for litigation in Slovakia.

General administrative expenses

General administrative expenses were up € 31 million year-on-year to € 755 million. Staff expenses rose 6 percent, or € 24 million, to € 402 million - mainly as a result of salary adjustments in the previous year (primarily in Russia, Ukraine and the Czech Republic). Other administrative expenses posted only marginal changes, increasing € 2 million overall to € 259 million. Depreciation of tangible and intangible fixed assets rose 6 per cent, or € 5 million. The number of business outlets fell 153 year-on-year to 2,000, mainly reflecting optimization measures in Romania (down 68), Ukraine (down 46) and Russia (down 31).

Other result

The other result came to minus € 82 million in the reporting period, down from minus € 26 million in the same period of the previous year. The factors driving the decline were a € 27 million goodwill impairment charge relating to Raiffeisen Kapitalanlage-Gesellschaft and impairments on investments in associates in the amount of € 28 million (up € 13 million). Credit-related provisions for litigation in the amount of € 16 million (up € 15 million) were also allocated on a portfolio basis for foreign currency loans in Croatia and Poland due to changes in the calculation parameters. The € 9 million rise in net modification losses largely stemmed from COVID-19 measures such as temporary payment moratoriums in Hungary and Romania. Net income from the disposal of Group assets improved € 8 million year-on-year.

Levies and special governmental measures

The expenses for levies and special governmental measures increased € 14 million to € 128 million. Bank levies rose € 8 million primarily as the bank levy in Slovakia was doubled, while contributions to the bank resolution fund also increased at head office, in Romania and Bulgaria.

Impairment losses on financial assets

Impairment losses on financial assets recorded a significant € 144 million increase in the reporting period to € 153 million; risks costs in the same period of the previous year were at a very low level of € 9 million. The change was largely due to impairments of € 96 million relating to COVID-19, thereof € 67 million for non-financial corporations and € 29 million for households. The increase in impairment losses stemmed from post-model adjustments (€ 68 million) and adjustments to forward-looking information (€ 28 million) for calculating the ECL.

Risk costs rose primarily at head office (€ 28 million), in Slovakia (€ 25 million), Hungary (€ 20 million), Romania (€ 15 million) and Russia (€ 13 million).

The NPE ratio stood at 2.0 per cent, slightly below the year-end level. The NPE coverage ratio improved 1.5 percentage points to 62.4 per cent.

Income taxes

At € 79 million, income taxes were only € 2 million down on the previous year's level, despite the significant decline in profit. The tax rate increased 4 percentage points to 28 per cent, largely as a result of the negative profit contribution from head office due to the aforementioned impairments.

Quarterly results

in € million	Q1/2019[1]	Q2/2019[1]	Q3/2019[1]	Q4/2019	Q1/2020
Net interest income	825	840	866	881	881
Dividend income	9	14	2	5	6
Current income from investments in associates	23	13	14	120	(9)
Net fee and commission income	402	437	468	489	448
Net trading income and fair value result	(52)	(27)	(8)	70	37
Net gains/losses from hedge accounting	6	(6)	(7)	10	12
Other net operating income	0	21	(8)	65	29
Operating income	**1,213**	**1,293**	**1,327**	**1,642**	**1,405**
Staff expenses	(379)	(410)	(392)	(429)	(402)
Other administrative expenses	(257)	(267)	(260)	(310)	(259)
Depreciation	(89)	(95)	(96)	(109)	(94)
General administrative expenses	**(724)**	**(773)**	**(748)**	**(848)**	**(755)**
Operating result	**489**	**520**	**580**	**794**	**650**
Other result	(26)	(7)	(35)	(151)	(82)
Levies and special governmental measures	(114)	(17)	(11)	(21)	(128)
Impairment losses on financial assets	(9)	(2)	(68)	(154)	(153)
Profit/loss before tax	**340**	**494**	**465**	**468**	**286**
Income taxes	(81)	(110)	(124)	(88)	(79)
Profit/loss after tax	**259**	**384**	**341**	**380**	**207**
Profit attributable to non-controlling interests	(33)	(39)	(38)	(27)	(31)
Consolidated profit/loss	**226**	**345**	**303**	**353**	**177**

1 Previous-year figures adapted due to changed allocation

Development of the first quarter of 2020 compared to the fourth quarter of 2019

Operating income

At € 881 million, net interest income remained unchanged quarter-on-quarter. The highest increase of € 18 million was at head office, largely as a result of lower interest expenses for bank deposits. In Russia, the most significant decline of € 12 million was recorded mainly due to currency effects. The net interest margin decreased 4 basis points to 2.43 per cent, primarily reflecting a reduction in the interest margin in Russia (down 39 basis points) and Ukraine (down 64 basis points).

Current income from investments in associates was negative in the first quarter of 2020 at minus € 9 million. This was mainly attributable to the performance of a listed equity interest (SoftwareOne) held by Raiffeisen Informatik GmbH & Co KG, which led to a positive effect of € 117 million in the previous quarter due to an increase in share price and IPO proceeds.

Compared to the fourth quarter of 2019, net fee and commission income decreased 8 per cent, or € 42 million, to € 448 million. The main reasons for this decline were a seasonal fall in revenues from clearing, settlement and payment services in the first quarter, as well as high income from the loan and guarantee business in the fourth quarter, especially in Russia and at head office.

The net trading income and fair value result was down € 33 million quarter-on-quarter to € 37 million, largely as a result of one-off income from the sale of equity instruments (€ 27 million) in Slovakia in the previous quarter.

Other net operating income declined € 36 million quarter-on-quarter to € 29 million, mainly due to the release of provisions in Romania and Russia in the fourth quarter of 2019. In Romania (decrease of € 24 million), provisions for litigation in connection with state subsidies for building society savings were reduced, while a provision for litigation was also released in Russia (decrease of € 12 million). This contrasted with the release of a provision for litigation in Slovakia (€ 18 million) in the reporting period. Additional drivers of the decline in other net operating income include amounts generated in the fourth quarter of 2019 from proceeds from residential construction in the Raiffeisen Leasing Group of € 9 million, sales of loans and bonds in Romania of € 6 million and other operating income, mainly at head office.

General administrative expenses

Compared to the previous quarter, general administrative expenses declined € 93 million to € 755 million, primarily as a result of seasonal factors. Staff expenses decreased € 26 million to € 402 million. This reduction was mainly due to the recognition of a restructuring provision at head office in the comparable period, as well as higher bonuses and salary adjustments, predominantly in Slovakia and Russia. Other administrative expenses decreased € 51 million compared to the previous quarter to € 259 million. The declines largely stemmed from higher legal, advisory and consulting expenses (€ 25 million) primarily incurred at head office and higher advertising expenses (€ 23 million) – especially in Romania, Russia and at head office – during the comparable period. In contrast, expenses for deposit insurance increased (€ 17 million), as these must be booked in the first quarter for the entire year in some countries.

Depreciation of tangible and intangible fixed assets fell € 15 million to € 94 million in the first quarter, mainly in Russia, Slovakia and at head office.

Other result

In the first quarter of 2020, the other result amounted to minus € 82 million, compared to minus € 151 million in the fourth quarter of 2019. This improvement was primarily attributable to lower impairments on investments in associates (decline of € 46 million) and non-financial assets (down € 23 million). In the first quarter, a partial goodwill impairment of € 27 million was recorded for Raiffeisen Kapitalanlage-Gesellschaft, while impairments in the amount of € 50 million, largely relating to property owned by an Italian leasing company and in Russia, were reported in the previous quarter. Other credit-linked provisions for litigation in the amount of € 16 million - adjustments to the calculation parameters - were allocated on a portfolio basis for foreign currency mortgages in Poland and Croatia in the reporting period, compared to € 65 million in the previous quarter. Net income from the disposal of Group assets decreased € 50 million, owing to the sale of a property in Slovakia in the fourth quarter of 2019. Net modification losses amounting to € 10 million reported in the first quarter (a € 9 million increase), largely stemmed from COVID-19 measures such as temporary payment moratoriums in Hungary and Romania.

Levies and special governmental measures

The expenses for levies and special governmental measures are predominantly recorded in the first quarter for the full year, which resulted in an increase of € 107 million to € 128 million. Bank levies amounted to € 73 million in the first quarter of 2020 (previous quarter: € 21 million). The largest increase was attributable to a one-off payment of € 41 million at head office. This is the fourth and last of the annual payments that were required to be posted in their entirety in the first quarter in accordance with the applicable regulations (IFRIC 21). In Hungary, the bank levy for the full year of € 13 million was posted in the first quarter of 2020. In Slovakia, there was an increase of € 7 million as the bank levy was doubled. In Romania, a bank levy only incurred in the fourth quarter of 2019, led to a decline of € 10 million. The bank levy for 2020 was also abolished. Contributions to the bank resolution fund in the amount of € 55 million for the full year were also reported in the first quarter.

Impairment losses on financial assets

At € 153 million, impairment losses on financial assets were almost at the level of the previous quarter. The impact of COVID-19 led to impairments of € 96 million in the first quarter of 2020, attributable to post-model adjustments and adjustments to forward-looking information in calculating the ECL. The impairments related to non-financial corporations in the amount of € 67 million and households in the amount of € 29 million.

Risk costs totaling € 153 million in the first quarter of 2020 were largely attributable to Slovakia (€ 25 million), head office (€ 24 million), Romania (€ 19 million) and Russia (€ 17 million).

Income taxes

Income taxes came to € 79 million, only € 9 million below the income tax expense of the previous quarter, despite the significant decline in profit. The tax rate increased 9 percentage points to 28 per cent, primarily as a result of a lower contribution to profit from head office and the current income from investments in associates, which had a particularly significant influence on the tax rate in the fourth quarter of 2019.

Consolidated profit

Consolidated profit declined € 176 million to € 177 million, due to a substantial reduction in the current income from investments in associates (down € 130 million) relating to the valuation of a listed equity interest (SoftwareOne).

Statement of financial position

Since the beginning of the year, total assets rose 2 per cent, or € 3,397 million, to € 155,596 million. Currency movements – affected by depreciation pressure on many CEE currencies as a result of the crisis, especially the Russian ruble (down 19 per cent), the Belarusian ruble (down 16 per cent), the Ukrainian hryvnia (down 13 per cent), the Hungarian forint (down 8 per cent), and the Czech koruna (down 7 per cent); as well as the opposing appreciation of the US dollar (up 3 per cent) – led to a decline in total assets of more than 2 per cent or € 3,759 million. On a currency-adjusted basis, total assets rose € 7,156 million or more than 4 per cent.

Assets

in € million	31/3/2020	31/12/2019	Change	
Loans to banks	8,224	9,435	(1,212)	(12.8)%
Loans to customers	92,198	91,204	994	1.1%
Securities	19,345	19,538	(193)	(1.0)%
Cash and other assets	35,830	32,022	3,808	11.9%
Total	**155,596**	**152,200**	**3,397**	**2.2%**

The 13 per cent, or € 1,212 million, decline in loans to banks to € 8,224 million, was mainly the result of lower short-term investments at commercial banks.

Loans to customers grew 1 per cent, or € 994 million, to € 92,198 million, despite strong currency depreciation. The highest growth was recorded at head office (up € 2,393 million or 9 per cent), driven by loans to non-financial corporations (€ 1,685 million growth from standard loans and export finance), project and real estate financing (up € 496 million), and other short-term lending (up € 212 million). In Russia and the Czech Republic, on the other hand, declines were recorded as a result of currency depreciation but still saw loan growth on a local currency basis. In Russia, loans to customers – non-financial corporations and households – decreased € 1,428 million to € 9,916 million, due to currency effects, but rose more than 5 per cent overall in local currency terms (with growth of approximately 10 per cent in loans to non-financial corporations and of around 3 per cent in loans to households). Loans to customers in the Czech Republic fell € 564 million to € 11,308 million, also due to currency effects, with lending to households more strongly impacted. In local currency, overall growth was more than 2 per cent; loans to non-financial corporations grew approximately 4 per cent, while loans to households saw a slight increase.

Cash and other assets rose significantly, up € 3,808 million to € 35,830 million since the beginning of the year. Cash balances increased € 2,920 million to € 27,209 million, primarily at head office (increase of € 2,732 million, mainly as a result of balances held at the Austrian National Bank). Other assets increased € 888 million to € 8,621 million, primarily as a result of higher market values of foreign currency derivatives at Group head office due to the significant level of currency volatility.

Equity and liabilities

in € million	31/3/2020	31/12/2019	Change	
Deposits from banks	25,146	23,607	1,539	6.5%
Deposits from customers	97,084	96,214	870	0.9%
Debt securities issued and other liabilities	20,189	18,614	1,575	8.5%
Equity	13,177	13,765	(587)	(4.3)%
Total	**155,596**	**152,200**	**3,397**	**2.2%**

The Group's funding from banks, which mainly relates to short-term funding at head office, increased 7 per cent, or € 1,539 million, to € 25,146 million.

Deposits from customers grew 1 per cent, or € 870 million, to € 97,084 million, despite strong currency depreciation. The largest increases were at head office (up € 1,404 million, or 7 per cent, mainly driven by non-financial corporations and governments) and in Romania (up € 839 million, or 11 per cent, mainly driven by non-financial corporations and households). In contrast, there were currency-related declines in the Czech Republic (down € 790 million or 6 per cent) and Russia (down € 648 million or 5 per cent).

The increase in debt securities and other liabilities (up € 1,575 million to € 20,189 million), stemmed mainly from head office (up € 1,410 million) and was due to the issuance of new bonds (increase of € 687 million) and higher negative market values of derivatives (increase of € 854 million), particularly for foreign currency derivatives as a result of the significant level of foreign currency volatility.

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

Equity including capital attributable to non-controlling interests declined € 587 million since the beginning of the year to € 13,177 million. The decline was primarily the result of total comprehensive income of minus € 605 million for the reporting period.

The Management Board passed a resolution on 4 February 2020 to propose a dividend payment to the Annual General Meeting of € 1.00 per share for the 2019 financial year. This would amount to a maximum total payout of € 329 million. In line with the European Central Bank's recommendation on dividend payments at the end of March and given the uncertainties caused by COVID-19, the dividend proposal for the 2019 financial year may be reviewed once visibility improves on the financial implications of COVID-19.

The total comprehensive income of minus € 605 million comprised profit after tax of € 207 million and other comprehensive income of minus € 813 million. Currency movements since the beginning of the year led to a negative impact of € 833 million. The 19 per cent depreciation of the Russian ruble had a negative contribution of € 489 million, the 7 per cent depreciation of the Czech koruna of € 117 million, the 13 per cent depreciation of the Ukrainian hryvnia of € 69 million, the 16 per cent depreciation of the Belarusian ruble of € 64 million, as well as the 8 per cent depreciation of the Hungarian forint of € 62 million, and were all partially offset by a positive valuation result of € 100 million from the hedge against net investments, primarily in the Russian subsidiary. A further significant contribution of minus € 83 million came from the change in the fair value of financial assets and from companies valued at equity in the amount of minus € 51 million.

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

As at 31 March 2020, common equity tier 1 (CET1) after deductions amounted to € 9,891 million, representing a € 971 million reduction compared to the 2019 year-end figure. Material factors behind the reduction were currency movements directly recognized in equity, deductions related to additional value adjustments in the first quarter and changes to qualifying minority interests. Tier 1 capital after deductions declined € 965 million to € 11,127 million, mainly as a result of the reduction in CET1. Tier 2 capital declined € 110 million to € 1,830 million, largely due to the regulatory amortization of outstanding issues. Total capital amounted to € 12,957 million, representing a decrease of € 1,075 million compared to the 2019 year-end figure, mainly as a result of the change in CET1 capital.

Total risk-weighted assets (RWA) amounted to € 78,181 million as at 31 March 2020, increasing € 215 million compared to end-2019. The major reasons for the increase were new loan business, as well as business developments at head office, in Russia and the Czech Republic. The (organic) growth was offset by negative currency effects, especially from the Russian ruble, the Ukrainian hryvnia, and the Czech koruna. An increase in market risk, driven by the rise in volatility caused by the COVID-19 pandemic, also contributed to an increase in RWA.

Including the result for the reporting period, the capital ratios were as follows: the CET1 ratio declined 0.9 percentage points in the first quarter to 13.0 per cent, the tier 1 ratio stood at 14.5 per cent (down 0.9 percentage points), and the total capital ratio was 16.8 per cent (down 1.1 percentage points).

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

Impact of the COVID-19 pandemic

There remains significant uncertainty about further developments with respect to the COVID-19 pandemic, both in terms of the duration of the pandemic itself and the extent of the economic recovery in the 2020 financial year. Although state support measures will alleviate the impact for households and businesses, RBI expects higher risk costs for the duration of the COVID-19 containment measures. The constantly changing situation will necessitate regular adjustments to the scenarios in the 2020 financial year on the basis of updated forecasts for the economic environment and post-model adjustments. This applies especially when new information becomes available on the impact of the pandemic, including a highly probable revision of estimates for macroeconomic indicators.

Government support measures

In addition to government support measures – such as bridging loans made in connection with government guarantees – payment moratoriums have been introduced in almost all RBI markets to help customers avoid liquidity shortages as a result of the COVID-19 containment measures. With regard to payment moratoriums, RBI expects modification losses in an amount that cannot yet be ultimately estimated because multiple factors are involved, including the number of modified individual contracts and to what extent contractual interest payments are deferred into the future.

Additional bank levy in Hungary

On 14 April 2020, the Hungarian government published a decree (entry into force: 1 May 2020) providing for an exceptional one-off tax to be levied on Hungarian banks for the current financial year. The tax rate for the one-off tax is 0.19 per cent of the tax base, which is the same as the tax base for the general Hungarian banking tax. It is expected, however, that banks will be able to deduct the one-off tax from the general banking tax over the next five years.

Outlook

We expect modest loan growth in 2020.

The provisioning ratio for FY 2020 is currently expected to be around 75 basis points, depending on the length and severity of disruption.

We aim to achieve a cost/income ratio of around 55 per cent in the medium term and are evaluating how the current circumstances will impact the ratio in 2021.

In the medium term we target a consolidated return on equity of approximately 11 per cent. As of today, and based on our best estimates, we expect a consolidated return on equity in the mid-single digits for 2020.

We confirm our CET1 ratio target of around 13 per cent for the medium term.

Based on this target we intend to distribute between 20 and 50 per cent of 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 (business booked in Austria): operating business at head office divided into subsegments: Austrian and international corporate customers, Markets, Financial Institutions & Sovereigns, business with the Raiffeisen Banking Group (RBG), as well as 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. Furthermore, companies valued at equity with banking activities are allocated to this segment.
- Corporate Center: central control functions at head office (e.g. Treasury) and other Group units (equity investments and joint service providers), minority interests as well as non-banking companies valued at equity.

The following changes to the segmentation were applied from the first quarter 2020, in order to align the segments more closely with internal management:

- Joint service providers have been allocated to the Corporate Center segment. These were previously allocated to the regional segments.
- Furthermore, the following minority interests have been allocated to the Group Corporates & Markets segment: NOTARTREUHANDBANK AG, Oesterreichische Kontrollbank AG, EMCOM Beteiligungs GmbH, Posojilnica Bank e-Gen. These were previously allocated to the Corporate Center segment.

These effects have not been adapted in the prior periods due to immateriality.

The calculation of equity in the segments are based on actual equity as of the first quarter 2020. Previously, equity was calculated according to regulatory capital requirements. The prior periods (equity as well as return on equity) have been adapted accordingly.

Central Europe

in € million	1/1-31/3 2020	1/1-31/3 2019[1]	Change	Q1/2020	Q4/2019	Change
Net interest income	217	209	3.6%	217	195	11.1%
Dividend income	0	1	(99.3)%	0	1	(99.1)%
Current income from investments in associates	1	1	1.4%	1	1	53.7%
Net fee and commission income	108	107	0.6%	108	112	(3.4)%
Net trading income and fair value result	(2)	2	–	(2)	36	–
Net gains/losses from hedge accounting	3	(1)	–	3	0	>500.0%
Other net operating income	17	(6)	–	17	(8)	–
Operating income	**344**	**314**	**9.5%**	**344**	**338**	**1.9%**
General administrative expenses	(174)	(171)	1.7%	(174)	(197)	(11.8)%
Operating result	**170**	**143**	**18.9%**	**170**	**141**	**20.9%**
Other result	(12)	2	–	(12)	(56)	(79.5)%
Levies and special governmental measures	(46)	(40)	16.4%	(46)	(8)	>500.0%
Impairment losses on financial assets	(50)	(6)	>500.0%	(50)	(59)	(15.0)%
Profit/loss before tax	**63**	**100**	**(37.3)%**	**63**	**18**	**251.3%**
Income taxes	(15)	(23)	(31.7)%	(15)	(19)	(16.6)%
Profit/loss after tax	**47**	**77**	**(38.9)%**	**47**	**(1)**	**–**
Return on equity before tax	7.4%	12.3%	(5.0) PP	7.4%	2.3%	5.1 PP
Return on equity after tax	5.6%	9.5%	(4.0) PP	5.6%	–	–
Net interest margin (average interest-bearing assets)	2.13%	2.15%	(0.03) PP	2.13%	1.94%	0.19 PP
Cost/income ratio	50.5%	54.4%	(3.9) PP	50.5%	58.3%	(7.8) PP
Loan/deposit ratio	99.7%	101.7%	(2.0) PP	99.7%	98.0%	1.6 PP
Provisioning ratio (average loans to customers)	0.68%	0.09%	0.59 PP	0.68%	0.63%	0.05 PP
NPE ratio	2.2%	2.7%	(0.5) PP	2.2%	2.4%	(0.2) PP
NPE coverage ratio	62.8%	57.2%	5.6 PP	62.8%	58.6%	4.2 PP
Assets	41,422	40,487	2.3%	41,422	42,094	(1.6)%
Total risk-weighted assets (RWA)	21,505	21,333	0.8%	21,505	22,114	(2.8)%
Equity	3,336	3,300	1.1%	3,336	3,147	6.0%
Loans to customers	29,334	28,468	3.0%	29,334	29,603	(0.9)%
Deposits from customers	31,192	29,602	5.4%	31,192	31,967	(2.4)%
Business outlets	392	396	(1.0)%	392	391	0.3%
Employees as at reporting date (full-time equivalents)	9,704	9,831	(1.3)%	9,704	9,915	(2.1)%
Customers in million	2.8	2.6	6.7%	2.8	2.7	1.0%

1 Previous-year figures adapted due to changed allocation

Segment performance

Profit after tax in the Central Europe segment fell € 30 million year-on-year to € 47 million. The decline was mainly attributable to a decrease of € 25 million in profit after tax in Hungary, a decrease of € 6 million in profit after tax in Slovakia, and a decrease of € 5 million in profit after tax in the Czech Republic, all resulting from higher impairment losses due to COVID-19.

Operating income

Net interest income for the segment was up 4 per cent year-on-year, or € 8 million, to € 217 million. This mainly reflected a € 5 million increase in net interest income in the Czech Republic due to higher market interest rates. In Slovakia, net interest income increased € 2 million due to higher volumes. In all the other countries in the segment, net interest income remained nearly unchanged. The segment's net interest margin declined 3 basis points to 2.13 per cent, primarily due to a reduction of 10 basis points in the margin in Hungary.

Net fee and commission income remained almost unchanged year-on-year. While in the Czech Republic – mainly as a result of volume- and margin-related increases in the foreign exchange business – there was an increase of € 4 million to € 36 million, net fee and commission income in Slovakia declined, largely due to a change in the segment allocation of a Group unit.

The net trading income and fair value result fell € 3 million year-on-year, largely as a consequence of lower currency translation gains in the Czech Republic.

Other net operating income improved by € 23 million. Most of the increase was due to the release of a provision for a legal case in Slovakia (€ 18 million).

General administrative expenses

General administrative expenses in the segment increased € 3 million year-on-year to € 174 million, mainly as a result of higher expenses in the Czech Republic.

The average number of employees in the segment fell 61 to 9,711, predominantly as a result of the changed segment allocation of a Group unit, whereas in Hungary the number rose by 110, or 5 per cent, due to an increase in employees in the household mortgage business. The cost/income ratio improved by 3.9 percentage points to 50.5 per cent due to higher operating income in Slovakia.

Other result

The Central Europe segment's other result amounted to minus € 12 million, compared to € 2 million in the same period of the previous year. The change was mainly driven by an adjustment of € 8 million to credit-linked and portfolio-based provisions for litigation related to mortgage loans denominated in or indexed to a foreign currency in Poland. In addition, net modification losses of € 4 million were booked in Hungary due to COVID-19 measures. The losses were related to government-ordered nine-month payment holidays for customer loans.

Levies and special governmental measures

The expense for levies and special governmental measures rose € 6 million year-on-year to € 46 million. The increase of € 7 million in bank levies to € 27 million was caused by the doubling of the bank levy in Slovakia. 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 also have to be recognized in full at the start of the year, remained nearly unchanged at € 19 million. Higher contributions in Hungary and Slovakia were offset by a decrease in the Czech Republic.

Impairment losses on financial assets

The impairment losses amounted to € 50 million in the reporting period, compared to a low level of € 6 million in the same period of the previous year. The increase was mainly driven by the impact of COVID-19, which had an effect of € 38 million in the Central Europe segment. The increase in impairment losses was the result of post-model adjustments and adjustments to forward-looking information in the ECL calculation.

In Slovakia, impairment losses on financial assets increased € 25 million, compared to no impairment losses in the same period of the previous year. This increase was attributable to impairment losses on loans to non-financial corporations and households, including € 12 million related to COVID-19.

In Hungary, impairment losses of € 12 million were recognized largely as a result of COVID-19, compared to a net release of € 8 million in the same period of the previous year. In the Czech Republic, the impairment losses amounted to € 11 million in the reporting period (comparable period: net release of € 2 million), partly due to COVID-19 and partly due to various corporate clients being assigned to pre-workout status, which was unrelated to COVID-19. In Poland, impairment losses declined € 13 million to € 3 million; in the previous year's period risk costs of € 17 million were recognized which were mainly attributable to payment delays in connection with the switching of accounts due to the demerger.

The NPE ratio was 2.2 per cent as at 31 March 2020 (down 0.5 percentage points year-on-year). The NPE coverage ratio improved 5.6 percentage points to 62.8 per cent.

Income taxes

Income taxes decreased € 7 million year-on-year to € 15 million. Income tax expense declined € 5 million in the Czech Republic due to lower earnings and the release of a tax provision following a completed tax audit and decreased € 3 million in Slovakia mainly as a result of lower earnings. The increase in the income tax rate of 2 percentage points to 25 per cent was largely driven by Hungary since no deferred tax assets were recognized for the loss in the first quarter of 2020.

Detailed results of individual countries in the segment:

in € million	Poland 1/1-31/3 2020	Poland 1/1-31/3 2019	Slovakia 1/1-31/3 2020	Slovakia 1/1-31/3 2019[1]
Net interest income	4	3	74	72
Dividend income	0	0	0	0
Current income from investments in associates	0	0	1	1
Net fee and commission income	1	1	35	39
Net trading income and fair value result	0	0	2	1
Net gains/losses from hedge accounting	0	0	0	0
Other net operating income	0	0	19	(1)
Operating income	**5**	**4**	**132**	**113**
General administrative expenses	(5)	(4)	(58)	(61)
Operating result	**0**	**0**	**74**	**51**
Other result	(8)	0	0	0
Levies and special governmental measures	(1)	(2)	(17)	(10)
Impairment losses on financial assets	(3)	(17)	(25)	0
Profit/loss before tax	**(13)**	**(19)**	**32**	**42**
Income taxes	0	0	(6)	(9)
Profit/loss after tax	**(13)**	**(19)**	**27**	**33**
Return on equity before tax	–	–	9.7%	13.5%
Return on equity after tax	–	–	8.0%	10.7%
Net interest margin (average interest-bearing assets)	0.54%	0.40%	2.14%	2.25%
Cost/income ratio	–	–	43.8%	54.6%
Loan/deposit ratio	–	–	100.2%	101.0%
Provisioning ratio (average loans to customers)	0.45%	2.16%	0.90%	(0.01)%
NPE ratio	7.6%	11.0%	1.8%	1.8%
NPE coverage ratio	69.3%	48.1%	66.4%	66.8%
Assets	2,984	3,223	14,271	13,300
Total risk-weighted assets (RWA)	3,519	3,869	6,458	6,104
Equity	–	–	1,334	1,274
Loans to customers	2,910	3,095	11,207	10,434
Deposits from customers	14	22	11,920	10,912
Business outlets	1	1	182	186
Employees as at reporting date (full-time equivalents)	229	203	3,813	4,014
Customers in million	0.0	0.0	1.0	0.9

1 Previous-year figures adjusted due to changed allocation

in € million	Czech Republic 1/1-31/3 2020	1/1-31/3 2019	Hungary 1/1-31/3 2020	1/1-31/3 2019
Net interest income	101	97	37	37
Dividend income	0	0	0	1
Net fee and commission income	36	32	36	36
Net trading income and fair value result	(7)	(1)	3	1
Net gains/losses from hedge accounting	2	0	0	(1)
Other net operating income	7	3	(13)	(13)
Operating income	**139**	**131**	**64**	**62**
General administrative expenses	(73)	(68)	(38)	(37)
Operating result	**66**	**64**	**26**	**25**
Other result	1	2	(4)	0
Levies and special governmental measures	(11)	(12)	(17)	(16)
Impairment losses on financial assets	(11)	2	(12)	8
Profit/loss before tax	**45**	**55**	**(7)**	**17**
Income taxes	(6)	(11)	(3)	(3)
Profit/loss after tax	**39**	**44**	**(10)**	**15**
Return on equity before tax	12.3%	16.8%	–	10.1%
Return on equity after tax	10.6%	13.5%	–	8.6%
Net interest margin (average interest-bearing assets)	2.39%	2.37%	1.97%	2.07%
Cost/income ratio	52.6%	51.6%	59.2%	59.6%
Loan/deposit ratio	86.9%	89.3%	72.2%	70.5%
Provisioning ratio (average loans to customers)	0.36%	(0.07)%	1.22%	(0.95)%
NPE ratio	1.3%	1.5%	2.2%	2.9%
NPE coverage ratio	61.0%	62.4%	54.0%	60.4%
Assets	16,559	16,548	7,991	7,839
Total risk-weighted assets (RWA)	7,922	7,832	3,563	3,457
Equity	1,434	1,358	624	770
Loans to customers	11,308	11,345	3,895	3,572
Deposits from customers	13,317	12,890	5,940	5,778
Business outlets	136	137	72	71
Employees as at reporting date (full-time equivalents)	3,395	3,436	2,258	2,168
Customers in million	1.2	1.2	0.5	0.5

Southeastern Europe

in € million	1/1-31/3 2020	1/1-31/3 2019[1]	Change	Q1/2020	Q4/2019	Change
Net interest income	219	210	4.4%	219	221	(1.0)%
Dividend income	1	3	(74.6)%	1	1	(40.0)%
Net fee and commission income	97	96	0.8%	97	103	(5.8)%
Net trading income and fair value result	8	7	11.2%	8	16	(50.7)%
Net gains/losses from hedge accounting	0	0	(12.6)%	0	0	241.4%
Other net operating income	2	3	(24.2)%	2	20	(89.9)%
Operating income	**326**	**318**	**2.5%**	**326**	**361**	**(9.6)%**
General administrative expenses	(179)	(181)	(1.1)%	(179)	(193)	(7.4)%
Operating result	**148**	**138**	**7.3%**	**148**	**168**	**(12.2)%**
Other result	(11)	(4)	154.7%	(11)	(19)	(41.4)%
Levies and special governmental measures	(15)	(11)	33.9%	(15)	(10)	58.8%
Impairment losses on financial assets	(51)	0	–	(51)	(25)	106.5%
Profit/loss before tax	**70**	**122**	**(42.6)%**	**70**	**115**	**(38.9)%**
Income taxes	(11)	(19)	(42.3)%	(11)	(13)	(14.5)%
Profit/loss after tax	**59**	**103**	**(42.6)%**	**59**	**102**	**(41.9)%**
Return on equity before tax	8.5%	15.4%	(6.9) PP	8.5%	15.7%	(7.3) PP
Return on equity after tax	7.2%	13.0%	(5.8) PP	7.2%	14.0%	(6.8) PP
Net interest margin (average interest-bearing assets)	3.48%	3.58%	(0.10) PP	3.48%	3.62%	(0.14) PP
Cost/income ratio	54.7%	56.8%	(2.0) PP	54.7%	53.4%	1.3 PP
Loan/deposit ratio	72.4%	74.9%	(2.5) PP	72.4%	74.6%	(2.2) PP
Provisioning ratio (average loans to customers)	1.27%	0.00%	1.27 PP	1.27%	0.63%	0.64 PP
NPE ratio	2.8%	3.5%	(0.7) PP	2.8%	3.0%	(0.2) PP
NPE coverage ratio	70.2%	64.0%	6.2 PP	70.2%	69.9%	0.3 PP
Assets	28,000	25,539	9.6%	28,000	26,986	3.8%
Total risk-weighted assets (RWA)	16,521	15,612	5.8%	16,521	15,903	3.9%
Equity	3,276	3,187	2.8%	3,276	2,933	11.7%
Loans to customers	16,259	14,694	10.6%	16,259	15,915	2.2%
Deposits from customers	22,547	19,959	13.0%	22,547	21,529	4.7%
Business outlets	893	963	(7.3)%	893	894	(0.1)%
Employees as at reporting date (full-time equivalents)	14,469	14,593	(0.8)%	14,469	14,480	(0.1)%
Customers in million	5.3	5.3	(1.0)%	5.3	5.4	(1.9)%

1 Previous-year figures adapted due to changed allocation

Segment performance

The Southeastern Europe segment's profit after tax declined 43 per cent, or € 44 million, year-on-year to € 59 million. This was mainly due to a € 51 million increase in risk costs, reflecting post-model adjustments and adjustments to forward-looking information primarily as a result of COVID-19.

Operating income

Net interest income rose 4 per cent, or € 9 million, year-on-year to € 219 million. The strongest growth was seen in Romania, which reported an increase of € 6 million driven by growth in lending to households and non-financial corporations. In Bulgaria, higher volumes were also responsible for a € 3 million rise in net interest income. All other countries in the segment reported little change in net interest income. The segment's net interest margin was down 10 basis points to 3.48 per cent. This was attributable primarily to a reduction of 58 basis points in the margin in Serbia due to lower market interest rates.

Net fee and commission income remained almost unchanged year-on-year. While in both Serbia and Croatia increases of € 1 million were reported, mainly due to higher commission income from foreign exchange business, securities business and asset management, net fee and commission income in Romania was down € 1 million, primarily in clearing, settlement and payment services.

Net trading income and the fair value result increased € 1 million year-on-year to € 8 million. Decreases from derivatives and bonds were more than offset by higher income from currency translation.

General administrative expenses

General administrative expenses were down slightly by 1 per cent, or € 2 million, year-on-year to € 179 million. Staff expenses were up 3 per cent, or € 2 million, to € 82 million, mainly due to salary adjustments in Romania and Bulgaria; while other administrative expenses fell € 5 million as a result of lower deposit insurance fees in Romania. The average number of employees decreased by 133 to 14,484, mainly as a result of branch closures in Romania and optimization programs in Croatia. The number of business outlets in the segment declined by 70 year-on-year to 893, which primarily reflected closures in Romania. The cost/income ratio decreased from 56.8 per cent to 54.7 per cent.

Other result

The other result declined € 7 million to minus € 11 million. The main drivers were credit-linked provisions of € 8 million for litigation on a portfolio basis for Swiss franc loans in Croatia (up € 7 million). In addition, net modification losses of € 3 million due to COVID-19 measures in Romania – a temporary deferral of payments until year-end 2020 – were recognized. In the reporting period, impairments on non-financial assets were minimal, compared to € 3 million in the same period of the previous year, above all in Romania.

Levies and special governmental measures

The expenses for levies and special governmental measures rose € 4 million year-on-year to € 15 million. The increase resulted from higher contributions to the resolution funds in Romania and Bulgaria, which were recognized in full at the start of the year.

Impairments on financial assets

In the reporting period, impairment losses on financial assets of € 51 million were recognized, while in the corresponding period of the previous year no impairments were necessary. This development was mainly driven by the need to recognize impairments of € 34 million in relation to COVID-19, which resulted from post-model adjustments and adjustments to forward-looking information in the ECL calculation and affected all countries in the segment.

Romania reported the largest rise in risk costs, of € 15 million to € 19 million, of which € 14 million was accounted for by parameter adjustments due to COVID-19 and related mainly to non-financial corporations. In Croatia, impairments totaled € 6 million in the reporting period (prior-year period: net release of € 3 million). The adjustments in connection with COVID-19 (€ 6 million) related to non-financial corporations and households equally. In Bulgaria, the greater need for provisions due to COVID-19 (€ 6 million) for non-financial corporations also contributed to the increase of € 8 million to € 10 million in impairments.

The NPE ratio improved 0.7 percentage points year-on-year to 2.8 per cent. The NPE coverage ratio was up 6.2 percentage points to 70.2 per cent.

Income taxes

Income taxes decreased € 8 million to € 11 million, reflecting the lower result. The tax rate was unchanged at 15 per cent.

Detailed results of individual countries:

in € million	Albania 1/1-31/3 2020	Albania 1/1-31/3 2019	Bosnia and Herzegovina 1/1-31/3 2020	Bosnia and Herzegovina 1/1-31/3 2019	Bulgaria 1/1-31/3 2020	Bulgaria 1/1-31/3 2019
Net interest income	14	14	16	18	29	26
Dividend income	0	0	1	0	0	3
Net fee and commission income	3	4	10	10	13	13
Net trading income and fair value result	8	2	0	0	0	1
Other net operating income	0	0	0	(1)	0	1
Operating income	**25**	**20**	**28**	**27**	**42**	**44**
General administrative expenses	(11)	(10)	(14)	(13)	(26)	(25)
Operating result	**15**	**10**	**14**	**14**	**16**	**19**
Other result	0	0	0	0	0	0
Levies and special governmental measures	(1)	(1)	0	0	(6)	(4)
Impairment losses on financial assets	(6)	0	(4)	1	(10)	(2)
Profit/loss before tax	**8**	**9**	**11**	**15**	**0**	**13**
Income taxes	(1)	(2)	(1)	(1)	0	(1)
Profit/loss after tax	**6**	**7**	**9**	**14**	**0**	**12**
Return on equity before tax	13.4%	17.0%	14.4%	20.4%	0.2%	10.9%
Return on equity after tax	11.2%	12.4%	12.7%	18.8%	0.1%	9.9%
Net interest margin (average interest-bearing assets)	3.23%	3.28%	3.05%	3.47%	2.64%	2.67%
Cost/income ratio	42.0%	51.0%	48.9%	48.1%	62.4%	57.7%
Loan/deposit ratio	53.4%	49.5%	76.3%	75.6%	81.7%	85.6%
Provisioning ratio (average loans to customers)	3.08%	(0.07)%	1.09%	(0.30)%	1.26%	0.23%
NPE ratio	5.7%	6.1%	4.0%	3.6%	1.7%	2.0%
NPE coverage ratio	72.1%	74.3%	78.6%	79.6%	61.9%	69.3%
Assets	1,799	1,808	2,485	2,368	4,692	4,172
Total risk-weighted assets (RWA)	1,336	1,328	2,040	1,823	2,642	2,336
Equity	224	225	304	308	462	479
Loans to customers	782	718	1,364	1,309	3,060	2,717
Deposits from customers	1,517	1,519	1,929	1,843	3,784	3,221
Business outlets	78	78	103	102	148	146
Employees as at reporting date (full-time equivalents)	1,241	1,246	1,283	1,341	2,656	2,606
Customers in million	0.4	0.4	0.4	0.4	0.6	0.6

in € million	Croatia 1/1-31/3 2020	Croatia 1/1-31/3 2019[1]	Romania 1/1-31/3 2020	Romania 1/1-31/3 2019	Serbia 1/1-31/3 2020	Serbia 1/1-31/3 2019
Net interest income	30	30	96	90	21	22
Dividend income	0	0	0	0	0	0
Net fee and commission income	17	16	39	40	12	11
Net trading income and fair value result	(5)	2	3	0	2	1
Other net operating income	2	0	(2)	0	2	2
Operating income	**44**	**48**	**136**	**131**	**37**	**36**
General administrative expenses	(30)	(30)	(72)	(76)	(19)	(19)
Operating result	**14**	**18**	**64**	**55**	**18**	**17**
Other result	(8)	(2)	(4)	(3)	0	0
Levies and special governmental measures	(2)	(2)	(7)	(4)	0	0
Impairment losses on financial assets	(6)	3	(19)	(4)	(3)	2
Profit/loss before tax	**(2)**	**16**	**35**	**45**	**15**	**19**
Income taxes	(1)	(3)	(6)	(8)	(2)	(2)
Profit/loss after tax	**(2)**	**13**	**30**	**37**	**13**	**16**
Return on equity before tax	–	10.4%	13.9%	19.6%	11.4%	14.4%
Return on equity after tax	–	8.3%	11.7%	16.1%	10.1%	12.7%
Net interest margin (average interest-bearing assets)	2.68%	2.70%	4.37%	4.36%	3.31%	3.88%
Cost/income ratio	67.8%	62.3%	52.7%	58.1%	51.1%	53.0%
Loan/deposit ratio	73.3%	68.6%	68.8%	77.4%	73.4%	73.6%
Provisioning ratio (average loans to customers)	0.95%	(0.44)%	1.29%	0.27%	0.77%	(0.52)%
NPE ratio	3.2%	4.5%	2.7%	3.5%	1.8%	2.2%
NPE coverage ratio	73.6%	65.0%	67.1%	50.9%	71.7%	73.1%
Assets	4,871	4,815	10,125	8,904	2,977	2,522
Total risk-weighted assets (RWA)	2,707	2,577	4,994	4,977	2,060	1,905
Equity	656	664	1,017	943	540	538
Loans to customers	2,738	2,397	5,930	5,541	1,668	1,364
Deposits from customers	3,699	3,602	8,430	7,105	2,330	1,920
Business outlets	75	79	354	422	88	88
Employees as at reporting date (full-time equivalents)	1,861	1,926	5,011	5,097	1,563	1,547
Customers in million	0.4	0.5	2.3	2.3	0.8	0.8

1 Previous-year figures adapted due to changed allocation

Eastern Europe

in € million	1/1-31/3 2020	1/1-31/3 2019	Change	Q1/2020	Q4/2019	Change
Net interest income	298	256	16.5%	298	313	(4.9)%
Dividend income	0	0	–	0	0	(95.7)%
Net fee and commission income	129	112	15.1%	129	165	(21.9)%
Net trading income and fair value result	30	13	133.9%	30	(4)	–
Net gains/losses from hedge accounting	0	0	–	0	0	–
Other net operating income	(3)	2	–	(3)	10	–
Operating income	**454**	**383**	**18.8%**	**454**	**484**	**(6.2)%**
General administrative expenses	(174)	(156)	11.9%	(174)	(211)	(17.2)%
Operating result	**280**	**227**	**23.5%**	**280**	**274**	**2.2%**
Other result	(2)	0	–	(2)	(15)	(87.6)%
Impairment losses on financial assets	(26)	(3)	>500.0%	(26)	(26)	(0.6)%
Profit/loss before tax	**252**	**224**	**12.4%**	**252**	**233**	**8.2%**
Income taxes	(53)	(47)	11.6%	(53)	(55)	(5.0)%
Profit/loss after tax	**199**	**177**	**12.6%**	**199**	**177**	**12.3%**
Return on equity before tax	32.6%	41.2%	(8.6) PP	32.6%	34.8%	(2.2) PP
Return on equity after tax	25.8%	32.5%	(6.7) PP	25.8%	26.5%	(0.8) PP
Net interest margin (average interest-bearing assets)	5.59%	5.71%	(0.12) PP	5.59%	5.95%	(0.36) PP
Cost/income ratio	38.4%	40.7%	(2.4) PP	38.4%	43.5%	(5.1) PP
Loan/deposit ratio	76.1%	86.5%	(10.3) PP	76.1%	83.6%	(7.4) PP
Provisioning ratio (average loans to customers)	0.75%	0.08%	0.67 PP	0.75%	0.69%	0.07 PP
NPE ratio	2.1%	2.8%	(0.7) PP	2.1%	2.0%	0.1 PP
NPE coverage ratio	55.6%	60.9%	(5.3) PP	55.6%	60.0%	(4.3) PP
Assets	21,987	19,328	13.8%	21,987	23,381	(6.0)%
Total risk-weighted assets (RWA)	13,489	13,078	3.1%	13,489	15,054	(10.4)%
Equity	2,772	2,661	4.2%	2,772	2,678	3.5%
Loans to customers	12,756	12,565	1.5%	12,756	14,465	(11.8)%
Deposits from customers	17,105	14,797	15.6%	17,105	17,712	(3.4)%
Business outlets	693	770	(10.0)%	693	732	(5.3)%
Employees as at reporting date (full-time equivalents)	17,995	18,818	(4.4)%	17,995	18,356	(2.0)%
Customers in million	6.8	6.4	4.9%	6.8	6.7	1.4%

Segment performance

The segment's profit after tax rose € 22 million, or 13 per cent, year-on-year to € 199 million. While operating income was up, largely as a result of a volume-related increase in interest income, there was a rise in general administrative expenses and impairment losses on financial assets. As in the previous year, the Eastern Europe segment was affected by currency volatility in the reporting period. The average exchange rate of the Ukrainian hryvnia appreciated 12 per cent, while the Russian ruble remained more or less unchanged. In contrast, the reporting date exchange rate of the Russian ruble was down 19 per cent compared to the beginning of 2020, while the Belarusian ruble and Ukrainian hryvnia depreciated 16 per cent and 13 per cent respectively.

Operating income

Net interest income in the Eastern Europe segment increased 17 per cent, or € 42 million, year-on-year to € 298 million. The largest rise was reported in Russia (up € 31 million), reflecting higher lending volumes and lower interest rate expenses for the trading portfolio. In Ukraine there was an increase of € 10 million in net interest income as a result of higher lending volumes to households and non-financial corporations, as well as currency movements. In Belarus there was a slight volume-related rise of € 1 million in net interest income. The segment's net interest margin fell 12 basis points year-on-year to 5.59 per cent, reflecting the negative margin development in Ukraine.

Net fee and commission income was likewise up 15 per cent, or € 17 million, to € 129 million. In Russia, higher volumes in asset management, in foreign exchange business, as well as in clearing, settlement and payment services, resulted in growth of € 14 million to € 91 million. In Belarus, there was also a largely volume- and margin-based increase of € 3 million in foreign exchange business to € 15 million.

The net trading income and fair value result also rose from € 13 million in the comparable period of the previous year to € 30 million in the reporting period. In Russia, the increase of € 12 million was predominantly due to a higher result from derivatives, and in Belarus, the net gain on currency translation was up € 5 million.

Other net operating income declined € 5 million to minus € 3 million, as a result of provisions for litigation in Russia recognized in the reporting period, and the release of provisions in the comparable period of the previous year.

General administrative expenses

The segment's general administrative expenses were up 12 per cent, or € 19 million, year-on-year to € 174 million. The average number of employees decreased 4 per cent to 18,086, driven mainly by the development in Ukraine (down 448). Staff expenses increased 12 per cent, or € 10 million, to € 100 million, due to salary adjustments in Russia and Ukraine. The segment's other administrative expenses were up 16 per cent to € 53 million. The increase was driven primarily by higher advertising and IT expenses in Russia. Depreciation rose only slightly from € 20 million to € 21 million. The cost/income ratio improved from 40.7 per cent to 38.4 per cent.

Impairments on financial assets

In the reporting period, impairment losses of € 26 million on financial assets were recognized, compared to the very low level of € 3 million in the corresponding period of the previous year. In Russia, impairments on the loan portfolio (non-financial corporations and households) were up € 13 million to € 17 million, partly due to € 9 million attributable to COVID-19 (post-model adjustments and adjustments to forward-looking information), and partly to an increase in existing impairments on loans to non-financial corporations. In Belarus, impairment losses increased € 7 million, of which € 4 million was due to parameter adjustments related to COVID-19, mainly for non-financial corporations.

The NPE ratio was 2.1 per cent (down 0.7 percentage points year-on-year) as at 31 March 2020, while the NPE coverage ratio declined to 55.6 per cent (down 5.3 percentage points year-on-year).

Income taxes

The segment's income taxes increased € 5 million to € 53 million due to higher profit. The tax rate remained constant at 21 per cent.

Detailed results of individual countries:

in € million	Belarus 1/1-31/3 2020	Belarus 1/1-31/3 2019	Russia 1/1-31/3 2020	Russia 1/1-31/3 2019	Ukraine 1/1-31/3 2020	Ukraine 1/1-31/3 2019
Net interest income	25	23	207	176	67	57
Dividend income	0	0	0	0	0	0
Net fee and commission income	15	12	91	78	22	22
Net trading income and fair value result	8	1	22	10	1	2
Net gains/losses from hedge accounting	0	0	0	0	0	0
Other net operating income	(1)	(1)	(4)	2	1	1
Operating income	**47**	**35**	**316**	**265**	**91**	**82**
General administrative expenses	(18)	(17)	(114)	(101)	(42)	(38)
Operating result	**29**	**18**	**202**	**164**	**49**	**44**
Other result	0	0	(1)	0	(1)	1
Impairment losses on financial assets	(7)	0	(17)	(4)	(2)	1
Profit/loss before tax	**22**	**19**	**185**	**160**	**46**	**46**
Income taxes	(5)	(5)	(39)	(34)	(8)	(8)
Profit/loss after tax	**16**	**14**	**145**	**126**	**38**	**38**
Return on equity before tax	23.2%	21.3%	31.3%	33.7%	37.3%	45.7%
Return on equity after tax	17.4%	15.8%	24.7%	26.5%	30.8%	37.8%
Net interest margin (average interest-bearing assets)	5.08%	5.57%	4.96%	4.96%	9.75%	11.04%
Cost/income ratio	38.9%	48.2%	36.0%	38.0%	46.3%	46.2%
Loan/deposit ratio	81.7%	88.4%	77.4%	86.4%	66.0%	85.7%
Provisioning ratio (average loans to customers)	2.21%	(0.49)%	0.61%	0.19%	0.56%	(0.15)%
NPE ratio	1.5%	2.3%	1.8%	1.9%	4.2%	8.7%
NPE coverage ratio	83.7%	84.0%	50.1%	51.2%	61.5%	69.7%
Assets	2,138	1,933	16,771	15,058	3,080	2,340
Total risk-weighted assets (RWA)	1,595	1,635	9,172	9,048	2,722	2,395
Equity	346	365	2,175	2,027	449	445
Loans to customers	1,258	1,142	9,916	9,908	1,581	1,516
Deposits from customers	1,632	1,354	13,049	11,656	2,425	1,787
Business outlets	87	87	153	184	453	499
Employees as at reporting date (full-time equivalents)	1,738	1,792	8,906	9,131	7,351	7,895
Customers in million	0.8	0.8	3.5	3.2	2.5	2.5

Group Corporates & Markets

in € million	1/1-31/3 2020	1/1-31/3 2019[1]	Change	Q1/2020	Q4/2019	Change
Net interest income	151	146	3.3%	151	143	5.9%
Dividend income	2	0	>500.0%	2	2	35.0%
Current income from investments in associates	2	0	–	2	0	–
Net fee and commission income	104	88	17.9%	104	118	(11.5)%
Net trading income and fair value result	(13)	(16)	(22.5)%	(13)	20	–
Net gains/losses from hedge accounting	(1)	0	–	(1)	0	–
Other net operating income	27	25	6.5%	27	45	(39.9)%
Operating income	**272**	**244**	**11.6%**	**272**	**327**	**(16.8)%**
General administrative expenses	(170)	(166)	2.4%	(170)	(195)	(12.7)%
Operating result	**102**	**78**	**31.4%**	**102**	**133**	**(22.9)%**
Other result	(1)	(3)	(54.7)%	(1)	(32)	(96.1)%
Levies and special governmental measures	(7)	(6)	23.9%	(7)	(5)	36.6%
Impairment losses on financial assets	(25)	(1)	>500.0%	(25)	(38)	(34.8)%
Profit/loss before tax	**69**	**69**	**0.6%**	**69**	**57**	**20.7%**
Income taxes	(15)	(13)	12.2%	(15)	(11)	38.7%
Profit/loss after tax	**54**	**55**	**(2.2)%**	**54**	**47**	**16.5%**
Return on equity before tax	8.2%	9.2%	(1.0) PP	8.2%	7.5%	0.7 PP
Return on equity after tax	6.5%	7.5%	(1.0) PP	6.5%	6.1%	0.3 PP
Net interest margin (average interest-bearing assets)	1.17%	1.33%	(0.16) PP	1.17%	1.10%	0.06 PP
Cost/income ratio	62.5%	68.1%	(5.6) PP	62.5%	59.5%	3.0 PP
Loan/deposit ratio	151.5%	145.8%	5.7 PP	151.5%	147.6%	3.9 PP
Provisioning ratio (average loans to customers)	0.32%	0.01%	0.31 PP	0.32%	0.47%	(0.15) PP
NPE ratio	1.7%	2.3%	(0.6) PP	1.7%	1.7%	0.0 PP
NPE coverage ratio	58.6%	53.3%	5.3 PP	58.6%	55.9%	2.7 PP
Assets	56,228	49,391	13.8%	56,228	53,706	4.7%
Total risk-weighted assets (RWA)	26,215	22,480	16.6%	26,215	24,581	6.6%
Equity	3,413	2,819	21.1%	3,413	3,025	12.8%
Loans to customers	31,766	28,259	12.4%	31,766	29,720	6.9%
Deposits from customers	29,054	26,955	7.8%	29,054	27,601	5.3%
Business outlets	22	24	(8.3)%	22	23	(4.3)%
Employees as at reporting date (full-time equivalents)	2,995	2,843	5.3%	2,995	2,908	3.0%
Customers in million	2.0	2.0	(1.3)%	2.0	2.0	(0.7)%

1 Previous-year figures adapted due to changed allocation

Segment performance

Profit in the Group Corporates & Markets segment was constant relative to the prior-year period. Operating income increased € 28 million, while impairments rose € 24 million and general administrative expenses were up € 4 million.

The Group Corporates & Markets segment encompasses RBI's operating business booked in Austria. The contributions to profit come from the corporate customer and markets business of head office, 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 2020	1/1-31/3 2019	Change	Q1/2020	Q4/2019	Change
Corporates Vienna	40	43	(6.8)%	40	12	236.0%
Markets Vienna	(1)	26	–	(1)	20	–
Specialized financial institution subsidiaries and other	15	(13)	–	15	15	0.3%
Profit/loss after tax	**54**	**55**	**(2.2)%**	**54**	**47**	**16.5%**

Operating income

The segment's net interest income was up 3 per cent year-on-year, or € 5 million, to € 151 million. This was mainly due to a volume-related increase in long-term lending in the Corporates Vienna sub-segment. The segment's net interest margin decreased 16 basis points to 1.17 per cent due to the lower market interest rates combined with an increase in average interest-bearing assets.

Net fee and commission income increased 18 per cent, or € 16 million, to € 104 million. At head office, higher fee and commission income was primarily recorded in trade finance, the institutional investor business and investment banking. There was also a volume-related increase in income from investment fund management.

The net trading income and fair value result improved € 4 million year-on-year. Within this total, a € 27 million positive change came from the valuation of a building society portfolio that had produced a loss in the comparable period. This was offset by lower results from fixed income securities trading. Improved results were also generated by the certificates business due to intensified sales activities and in proprietary trading driven by higher volatility because of COVID-19.

General administrative expenses

The segment's general administrative expenses rose 2 per cent, or € 4 million, to € 170 million. The increase primarily related to a € 3 million rise in staff expenses at head office. However, due to a stronger increase in operating income, the segment's cost/income ratio improved to 62.5 per cent.

Other result

The other result improved by € 2 million to minus € 1 million. This was mainly due to a higher negative result from the disposal of Group assets in the comparable period of the previous year.

Impairment losses on financial assets

Impairment losses on financial assets increased € 24 million year-on-year to € 25 million. The higher risk costs primarily arose at head office due to COVID-19 (an effect of € 10 million) and from some individual cases among large corporate customers.

The NPE ratio was 1.7 per cent at 31 March 2020. The NPE coverage ratio was 58.6 per cent.

Income taxes

The tax expense rose € 2 million in the reporting period to € 15 million, primarily due to higher profit.

Corporate Center

in € million	1/1-31/3 2020	1/1-31/3 2019[1]	Change	Q1/2020	Q4/2019	Change
Net interest income	(8)	(9)	(13.7)%	(8)	(13)	(40.5)%
Dividend income	18	142	(87.3)%	18	16	12.6%
Current income from investments in associates	(12)	22	–	(12)	120	–
Net fee and commission income	10	(3)	–	10	(13)	–
Net trading income and fair value result	(16)	(29)	(45.5)%	(16)	(9)	69.4%
Net gains/losses from hedge accounting	3	4	(21.9)%	3	6	(47.1)%
Other net operating income	21	4	417.8%	21	29	(26.7)%
Operating income	**16**	**131**	**(88.1)%**	**16**	**135**	**(88.4)%**
General administrative expenses	(92)	(76)	20.8%	(92)	(87)	5.7%
Operating result	**(77)**	**54**	**–**	**(77)**	**47**	**–**
Other result	(56)	(27)	106.6%	(56)	(44)	28.9%
Levies and special governmental measures	(59)	(57)	4.4%	(59)	1	–
Impairment losses on financial assets	(1)	1	–	(1)	(3)	(62.8)%
Profit/loss before tax	**(194)**	**(29)**	**>500.0%**	**(194)**	**2**	**–**
Income taxes	16	21	(25.2)%	16	13	19.3%
Profit/loss after tax	**(178)**	**(8)**	**>500.0%**	**(178)**	**15**	**–**
Assets	36,352	36,913	(1.5)%	36,352	31,549	15.2%
Total risk-weighted assets (RWA)	13,361	13,920	(4.0)%	13,361	13,333	0.2%
Equity	6,757	7,055	(4.2)%	6,757	6,695	0.9%
Loans to customers	4,537	4,038	12.4%	4,537	4,043	12.2%
Deposits from customers	1,317	1,527	(13.8)%	1,317	1,464	(10.0)%
Business outlets	–	–	–	–	–	–
Employees as at reporting date (full-time equivalents)	1,597	1,179	35.5%	1,597	1,214	31.5%
Customers in million	0.0	0.0	167.7%	0.0	0.0	217.2%

1 Previous-year figures adapted due to changed allocation

Segment performance

This segment essentially comprises net income from the Group head office's management functions and other Group units. Its results are therefore generally more volatile, with the vast majority relating to intra-Group transactions which have no impact on consolidated profit. The € 170 million profit decrease in the reporting period was mainly due to higher intra-Group dividend income in the comparable period and to impairment losses on non-financial assets.

Operating income

Dividend income, which comes mainly from Group units belonging to other segments and which is therefore of an intra-Group nature, decreased € 124 million to € 18 million. In the previous year, a dividend payment from Russia was made in the first quarter.

Current income from investments in associates fell from € 22 million in the previous year's period to minus € 12 million in the reporting period. This decrease mainly related to the valuation of a listed company (SoftwareOne) at Raiffeisen Informatik GmbH & Co KG.

Net fee and commission income improved € 13 million to € 10 million, primarily because of a change in the segment allocation of several Group units.

The net trading income and fair value result likewise improved € 13 million year-on-year to minus € 16 million, mostly driven by changes in the valuation of derivatives.

Other net operating income increased € 17 million to € 21 million, mainly due to the change in the segment allocation of several Group units.

General administrative expenses

The segment's general administrative expenses rose 21 per cent, or € 16 million, to € 92 million, largely driven by € 11 million higher other administrative expenses.

Other result

The other result fell € 29 million year-on-year to minus € 56 million. This was primarily caused by a € 27 million goodwill impairment in relation to Raiffeisen Kapitalanlage-Gesellschaft. The revision of the medium-term plan due to the COVID-19 pandemic led to a partial reduction in goodwill. Impairments on associates increased € 14 million, mainly relating to the investment in LEIPNIK-LUNDENBURGER INVEST Beteiligungs AG because of the more negative economic outlook due to COVID-19. Conversely, an impairment reversal was recognized on the investment in Raiffeisen Informatik GmbH & Co KG. Impairments on investments in subsidiaries, on the other hand, were lower than in the previous year's period.

Levies and special governmental measures

The expenses for levies and special governmental measures reported in the segment increased € 2 million to € 59 million. At € 42 million, the expenses for bank levies remained almost unchanged compared to the same period of the previous year. The last installment of the € 163 million one-off payment for the Austrian bank levy, which was spread over four years, was paid in the reporting period. The one-off payment (€ 41 million in the reporting period) is allocated to the Corporate Center segment. In accordance with accounting standards, the expenses for bank levies for the entire year were booked in the first quarter. The head office contributions to the resolution fund allocated to the segment amounted to € 17 million.

Income taxes

Tax income of € 16 million was posted in the reporting period, compared to income of € 21 million in the same period of the previous year.

Interim consolidated financial statements

(Condensed interim report as at 31 March 2020)

Company

Raiffeisen Bank International AG (RBI AG) is registered in the commercial register of the Commercial Court of Vienna under FN 122119m. 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. In total, RBI's 46,760 employees serve about 16.8 million clients at 2,000 business outlets located mostly in CEE.

Since the company's shares are traded on a regulated market as defined in Section 1 (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 Section 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 Section 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 condensed interim report as at 31 March 2020 did not undergo either a complete audit nor a review by the certified auditor.

Statement of comprehensive income

Income statement

in € million	Notes	1/1-31/3/2020	1/1-31/3/2019[1]
Net interest income	[1]	881	825
Interest income according to effective interest method		1,085	1,052
Interest income other		164	162
Interest expenses		(368)	(390)
Dividend income	[2]	6	9
Current income from investments in associates	[3]	(9)	23
Net fee and commission income	[4]	448	402
Fee and commission income		654	580
Fee and commission expenses		(207)	(179)
Net trading income and fair value result	[5]	37	(52)
Net gains/losses from hedge accounting	[6]	12	6
Other net operating income	[7]	29	0
Operating income		**1,405**	**1,213**
Staff expenses		(402)	(379)
Other administrative expenses		(259)	(257)
Depreciation		(94)	(89)
General administrative expenses	**[8]**	**(755)**	**(724)**
Operating result		**650**	**489**
Other result	[9]	(82)	(26)
Levies and special governmental measures	[10]	(128)	(114)
Impairment losses on financial assets	[11]	(153)	(9)
Profit/loss before tax		**286**	**340**
Income taxes	[12]	(79)	(81)
Profit/loss after tax		**207**	**259**
Profit attributable to non-controlling interests		(31)	(33)
Consolidated profit/loss		**177**	**226**

1 Previous-year figures adapted due to changed allocation. Further details can be found in the notes.

Earnings per share

in € million	1/1-31/3/2020	1/1-31/3/2019
Consolidated profit/loss	177	226
Dividend claim on additional tier 1	(15)	(15)
Profit/loss attributable to ordinary shares	**161**	**211**
Average number of ordinary shares outstanding in million	329	329
Earnings per share in €	**0.49**	**0.64**

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	1/1-31/3/2020	1/1-31/3/2019
Profit/loss after tax		**207**	**259**
Items which are not reclassified to profit or loss		**(34)**	**0**
Remeasurements of defined benefit plans	[28]	(1)	(1)
Fair value changes of equity instruments	[15]	(29)	8
Fair value changes due to changes in credit risk of financial liabilities	[25]	45	4
Share of other comprehensive income from companies valued at equity	[20]	(51)	(9)
Deferred taxes on items which are not reclassified to profit or loss	[22, 29]	2	(2)
Items that may be reclassified subsequently to profit or loss		**(778)**	**160**
Exchange differences		(833)	174
Hedge of net investments in foreign operations	[19, 27]	100	(36)
Adaptions to the cash flow hedge reserve	[19, 27]	0	2
Fair value changes of financial assets	[15]	(54)	21
Share of other comprehensive income from companies valued at equity	[20]	1	1
Deferred taxes on items which may be reclassified to profit or loss	[22, 29]	9	(2)
Other comprehensive income		**(813)**	**160**
Total comprehensive income		**(605)**	**419**
Profit attributable to non-controlling interests		25	(39)
hereof income statement		(31)	(33)
hereof other comprehensive income		55	(6)
Profit/loss attributable to owners of the parent		**(580)**	**380**

Currency developments have had a negative effect of € 833 million since the beginning of the year. The devaluation of the Russian ruble of 19 per cent led to a negative contribution of € 489 million, the Czech koruna of 7 per cent led to minus € 117 million, the Ukrainian hryvnia of 13 per cent to minus € 69 million, the Belarusian ruble of 16 per cent to minus € 64 million and the Hungarian forint of 8 per cent to minus € 62 million. Set against this was a hedge of net investments mostly in the Russian subsidiary bank, which resulted in a positive valuation result of € 100 million.

Another significant contribution of minus € 83 million was made by fair value changes of financial assets.

The share of other comprehensive income from companies valued at equity of minus € 51 million resulted mainly from UNIQA Insurance Group AG, Vienna, and refers to valuation changes of the securities portfolio for liquidity management.

Statement of financial position

Assets in € million	Notes	31/3/2020	31/12/2019
Cash, cash balances at central banks and other demand deposits	[13]	27,209	24,289
Financial assets - amortized cost	[14]	110,447	110,285
Financial assets - fair value through other comprehensive income	[15, 32]	4,587	4,781
Non-trading financial assets - mandatorily fair value through profit/loss	[16, 32]	820	776
Financial assets - designated fair value through profit/loss	[17, 32]	2,181	2,276
Financial assets - held for trading	[18, 32]	4,832	4,182
Hedge accounting	[19]	611	397
Investments in subsidiaries and associates	[20]	962	1,107
Tangible fixed assets	[21]	1,717	1,829
Intangible fixed assets	[21]	693	757
Current tax assets	[22]	77	61
Deferred tax assets	[22]	143	144
Other assets	[23]	1,318	1,315
Total		**155,596**	**152,200**

Equity and liabilities in € million	Notes	31/3/2020	31/12/2019
Financial liabilities - amortized cost	[24]	131,895	128,764
Financial liabilities - designated fair value through profit/loss	[25, 32]	1,717	1,843
Financial liabilities - held for trading	[26, 32]	6,435	5,789
Hedge accounting	[27]	402	246
Provisions for liabilities and charges	[28]	1,068	1,083
Current tax liabilities	[29]	37	31
Deferred tax liabilities	[29]	33	38
Other liabilities	[30]	831	641
Equity	[31]	13,177	13,765
Consolidated equity		11,271	11,817
Non-controlling interests		786	811
Additional tier 1		1,121	1,137
Total		**155,596**	**152,200**

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 1/1/2020	**1,002**	**4,992**	**8,443**	**(2,620)**	**11,817**	**811**	**1,137**	**13,765**
Dividend payments	0	0	0	0	0	0	0	0
Own shares	0	0	0	0	0	0	(16)	(16)
Other changes	0	0	34	0	34	(1)	0	33
Total comprehensive income	0	0	177	(757)	(580)	(25)	0	(605)
Equity as at 31/3/2020	**1,002**	**4,992**	**8,654**	**(3,377)**	**11,271**	**786**	**1,121**	**13,177**

in € million	Subscribed capital	Capital reserves	Retained earnings	Cumulative other comprehensive income	Consolidated equity	Non-controlling interests	Additional tier 1	Total
Equity as at 1/1/2019	**1,002**	**4,992**	**7,587**	**(2,994)**	**10,587**	**701**	**1,125**	**12,413**
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**

Statement of cash flows

in € million	Notes	1/1-31/3/2020	1/1-31/3/2019
Cash, cash balances at central banks and other demand deposits as at 1/1	**[13]**	**24,289**	**22,557**
Operating activities:			
Profit/loss before tax		286	340
Adjustments for the reconciliation of profit/loss after tax to the cash flow from operating activities:			
Depreciation, amortization, impairment and reversal of impairment on non-financial assets	[8, 9]	120	92
Net provisioning for liabilities and charges and impairment losses on financial assets	[7, 11]	155	12
Gains/losses from the measurement and derecognition of assets and liabilities	[9]	(179)	227
Income from investments in associates	[3]	9	(23)
Other adjustments (net)[1]		(721)	(740)
Subtotal		**(329)**	**(93)**
Changes in assets and liabilities arising from operating activities after corrections for non-cash positions:			
Financial assets - amortized cost	[14]	(3,081)	(3,108)
Financial assets - fair value through other comprehensive income	[15, 32]	26	706
Non-trading financial assets - mandatorily fair value through profit/loss	[16, 32]	(111)	45
Financial assets - designated fair value through profit/loss	[17, 32]	93	(62)
Financial assets - held for trading	[18, 32]	204	212
Tax assets	[22]	(21)	(7)
Other assets	[23]	(69)	(131)
Financial liabilities - amortized cost	[24]	6,743	3,617
Financial liabilities - designated fair value through profit/loss	[25, 32]	(53)	11
Financial liabilities - held for trading	[26, 32]	172	247
Provisions for liabilities and charges	[28]	(14)	(32)
Tax liabilities	[29]	(14)	(76)
Other liabilities	[30]	(76)	451
Interest received	[1]	1,157	1,075
Interest paid	[1]	(352)	(357)
Dividends received	[2]	46	16
Income taxes paid	[12]	(58)	(17)
Net cash from operating activities		**4,263**	**2,497**

1 Other (net) adjustments mainly include the deduction of net interest income and dividend income; the corresponding cash flows are shown under the items interest received, interest paid and dividends received.

in € million		1/1 - 31/3/2020	1/1 - 31/3/2019
Investing activities:			
Cash and cash equivalents from disposal of subsidiaries		(1)	0
Payments for purchase of:			
Investment securities and shares	[14, 15, 16, 17, 20]	(1,085)	(1,251)
Tangible and intangible fixed assets	[21]	(67)	(179)
Subsidiaries		0	0
Proceeds from sale of:			
Investment securities and shares	[14, 15, 16, 17, 20]	214	763
Tangible and intangible fixed assets	[21]	39	46
Subsidiaries	[9]	0	0
Net cash from investing activities		**(899)**	**(620)**
Financing activities:			
Capital increases		0	0
Inflows subordinated financial liabilities	[24, 25]	0	0
Outflows subordinated financial liabilities	[24, 25]	(193)	0
Dividend payments		0	0
Net cash from financing activities		**(193)**	**0**
Effect of exchange rate changes		(251)	13
Cash, cash balances at central banks and other demand deposits as at 31/3		**27,209**	**24,447**

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 (business booked in Austria): Operating business at head office divided into subsegments: Austrian and international corporate customers, Markets, Financial Institutions & Sovereigns, business with the Raiffeisen Banking Group (RBG), as well as 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. Furthermore, companies with banking activities valued at equity are allocated to this segment.
- Corporate Center: Central group management functions at head office (e.g. treasury) and other group units (participation companies and joint service companies), minority interests as well as companies with non-banking activities valued at equity.

The following changes to the segmentation were applied from the first quarter 2020, in order to align the segments more closely with internal management:

- Joint service providers have been allocated to the Corporate Center segment. These were previously allocated to the regional segments.
- Furthermore, the following minority interests have been allocated to the Group Corporates & Markets segment: NOTARTREUHANDBANK AG, Oesterreichische Kontrollbank AG, EMCOM Beteiligungs GmbH, Posojilnica Bank e-Gen. These were previously allocated to the Corporate Center segment.

These effects have not been adapted in the prior periods due to immateriality.

The calculation of equity in the segments are based on actual equity as of the first quarter 2020. Previously, equity was calculated according to regulatory capital requirements. The prior periods (equity as well as return on equity) have been adapted accordingly.

1/1-31/3/2020 in € million	Central Europe	Southeastern Europe	Eastern Europe	Group Corporates & Markets
Net interest income	217	219	298	151
Dividend income	0	1	0	2
Current income from investments in associates	1	0	0	2
Net fee and commission income	108	97	129	104
Net trading income and fair value result	(2)	8	30	(13)
Net gains/losses from hedge accounting	3	0	0	(1)
Other net operating income	17	2	(3)	27
Operating income	**344**	**326**	**454**	**272**
General administrative expenses	(174)	(179)	(174)	(170)
Operating result	**170**	**148**	**280**	**102**
Other result	(12)	(11)	(2)	(1)
Levies and special governmental measures	(46)	(15)	0	(7)
Impairment losses on financial assets	(50)	(51)	(26)	(25)
Profit/loss before tax	**63**	**70**	**252**	**69**
Income taxes	(15)	(11)	(53)	(15)
Profit/loss after tax	**47**	**59**	**199**	**54**
Profit attributable to non-controlling interests	(14)	0	(14)	(4)
Profit/loss after deduction of non-controlling interests	**33**	**59**	**185**	**51**

Return on equity before tax	7.4%	8.5%	32.6%	8.2%
Return on equity after tax	5.6%	7.2%	25.8%	6.5%
Net interest margin (average interest-bearing assets)	2.13%	3.48%	5.59%	1.17%
Cost/income ratio	50.5%	54.7%	38.4%	62.5%
Loan/deposit ratio	99.7%	72.4%	76.1%	151.5%
Provisioning ratio (average loans to customers)	0.68%	1.27%	0.75%	0.32%
NPE ratio	2.2%	2.8%	2.1%	1.7%
NPE coverage ratio	62.8%	70.2%	55.6%	58.6%
Assets	41,422	28,000	21,987	56,228
Total risk-weighted assets (RWA)	21,505	16,521	13,489	26,215
Equity	3,336	3,276	2,772	3,413
Loans to customers	29,334	16,259	12,756	31,766
Deposits from customers	31,192	22,547	17,105	29,054
Business outlets	392	893	693	22
Employees as at reporting date (full-time equivalents)	9,704	14,469	17,995	2,995
Customers in million	2.8	5.3	6.8	2.0

1/1-31/3/2020 in € million	Corporate Center	Reconciliation	Total
Net interest income	(8)	4	881
Dividend income	18	(15)	6
Current income from investments in associates	(12)	0	(9)
Net fee and commission income	10	0	448
Net trading income and fair value result	(16)	30	37
Net gains/losses from hedge accounting	3	8	12
Other net operating income	21	(35)	29
Operating income	**16**	**(8)**	**1,405**
General administrative expenses	(92)	34	(755)
Operating result	**(77)**	**26**	**650**
Other result	(56)	0	(82)
Levies and special governmental measures	(59)	0	(128)
Impairment losses on financial assets	(1)	0	(153)
Profit/loss before tax	**(194)**	**26**	**286**
Income taxes	16	(1)	(79)
Profit/loss after tax	**(178)**	**26**	**207**
Profit attributable to non-controlling interests	0	0	(31)
Profit/loss after deduction of non-controlling interests	**(178)**	**26**	**177**
Return on equity before tax	–	–	8.5%
Return on equity after tax	–	–	6.1%
Net interest margin (average interest-bearing assets)	–	–	2.43%
Cost/income ratio	–	–	53.8%
Loan/deposit ratio	–	–	97.6%
Provisioning ratio (average loans to customers)	–	–	0.66%
NPE ratio	–	–	2.0%
NPE coverage ratio	–	–	62.4%
Assets	36,352	(28,392)	155,596
Total risk-weighted assets (RWA)	13,361	(12,910)	78,181
Equity	6,757	(6,376)	13,177
Loans to customers	4,537	(2,455)	92,198
Deposits from customers	1,317	(4,130)	97,084
Business outlets	–	–	2,000
Employees as at reporting date (full-time equivalents)	1,597	–	46,760
Customers in million	0.0	–	16.8

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
Current income from investments in associates	1	0	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)	3	2	25
Operating income	**314**	**318**	**383**	**244**
General administrative expenses	(171)	(181)	(156)	(166)
Operating result	**143**	**138**	**227**	**78**
Other result	2	(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	12.3%	15.4%	41.2%	10.0%
Return on equity after tax	9.5%	13.0%	32.5%	8.1%
Net interest margin (average interest-bearing assets)	2.15%	3.58%	5.71%	1.33%
Cost/income ratio	54.4%	56.8%	40.7%	68.1%
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
Total risk-weighted assets (RWA)	21,333	15,612	13,078	22,480
Equity	3,300	3,187	2,661	2,819
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

Previous-year figures adapted due to changed allocation

1/1-31/3/2019 in € million	Corporate Center	Reconciliation	Total
Net interest income	(9)	12	825
Dividend income	142	(137)	9
Current income from investments in associates	22	0	23
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)	0
Operating income	**131**	**(176)**	**1,213**
General administrative expenses	(76)	26	(724)
Operating result	**54**	**(151)**	**489**
Other result	(27)	6	(26)
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	–	–	59.7%
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
Total risk-weighted assets (RWA)	13,920	(12,205)	74,218
Equity	7,055	(6,186)	12,837
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

Previous-year figures adapted due to changed allocation

Notes

Principles underlying the consolidated financial statements

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 especially 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.

Changes to the income statement

Current income from investments in associates, which was previously included in the other result, is now presented as a separate item (previous-year period: € 23 million). Credit-linked and portfolio-based provisions for litigation, which were previously reported under other net operating income (previous-year period: minus € 1 million), are now included in the other result.

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.

Accounting policies related to COVID-19

Payment moratoriums

Many of RBI's markets saw the introduction of various moratoriums that can essentially be described as payment moratoriums. Borrowers receive temporary extensions to make payments toward principal, interest and fees. The payment moratoriums are structured differently depending on local legislation. Borrowers in some countries (Austria, Croatia, Romania etc.) can choose whether to make use of a payment moratorium, while those in other countries (Hungary, for example) are automatically granted payment moratoriums. There are also differences in how the various countries regulate the payment extensions (between three and nine months) and the capitalization of interest (compound interest) during the payment-free periods.

According to IFRS 9, changes in payment plans may result in a loss in present value under an individual loan contract, which can generally be accounted for in RBI's total comprehensive income by making a one-time adjustment to the gross carrying amount as a non-substantial modification to the contract. This was done in the first quarter by including minus € 8 million in income statement. The modification gain or loss is equal to the difference between the gross carrying amount prior to the modification and the net present value of the cash flows of the modified asset, discounted at the original effective interest rate. The income statement shows the modification gain or loss under (9) Other result in the row entitled net modification gains/losses.

Payment moratoriums are not considered to automatically trigger a significant increase in credit risk (SICR). RBI will instead continue to apply its defined assessment criteria consisting of qualitative information and quantitative thresholds. More details on the estimation of expected credit losses (ECL) related to the COVID-19 pandemic are described in the notes to financial instruments and the risk report.

Direct government programs

To counter the economic downturn caused by the COVID-19 pandemic, many countries have prepared and, in some cases, already adopted various economic support measures to protect jobs. The measures include various forms of direct financial support for individuals, households and companies as well as bridge loans extended by banks and guaranteed by governments to ensure that companies have sufficient liquidity during the COVID-19 pandemic. These measures are also in preparation in several countries where RBI operates.

It is RBI's view that the recognition of a financial guarantee generally depends on whether or not the financial guarantee is an integral contractual component of the financial asset. RBI considers guarantees assumed at the start of the guaranteed financial assets to be integral contractual components of the financial asset. The financial guarantees granted under direct government programs generally apply to new bridge financing and are therefore treated as integral contractual components.

Goodwill impairment test

All goodwill is tested each year with respect to its future economic benefits based on cash-generating units. An impairment test is conducted as of the balance sheet date if indications of possible impairment arise in the course of the financial year. In the first quarter of 2020, the COVID-19 pandemic produced a significant negative change in the economic environment in which the subsidiaries operate. This indication triggered an impairment test on 31 March 2020 for goodwill that arose on first consolidation. Raiffeisen Kapitalanlage-Gesellschaft's medium-term plan was revised in response to the pandemic, resulting in a goodwill impairment of € 27 million. Also see (9) Other result and (21) Tangible fixed assets and intangible fixed assets in the notes.

Application of new and revised standards

Amendment to IFRS Conceptual Framework (effective date: 1 January 2020)

The new Conceptual Framework includes revised definitions of assets and liabilities as well as new guidance on measurement, derecognition, presentation and disclosures. The new Conceptual Framework does not constitute a substantial revision of the document, as was originally intended when the project was first taken up 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 the subject of an endorsement process.

Amendment 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 determines whether it has acquired a business or a group of assets. The issue arose 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. The application of these amendments did not have any impact on the consolidated financial statements of RBI.

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

The International Accounting Standards Board (IASB) issued a revised definition of materiality (Amendments to IAS 1 and IAS 8) to align the various definitions used in the Conceptual Framework and the standards themselves. The application of these amendments did not have any impact on the consolidated financial statements of RBI.

Amendments to IFRS 9, IAS 39 and IFRS 7 (Interest Rate Benchmark Reform; effective date: 1 January 2020)

The amendments primarily relate to certain simplifications regarding hedge accounting requirements and are mandatory for all hedging relationships affected by the interest rate benchmark reform. They also require additional disclosures about the extent to which the entities' hedging relationships are affected by the amendments. The changes are effective for reporting periods beginning on or after 1 January 2020.

Standards and interpretations issued but not yet effective

IFRS 17 (Insurance Contracts; effective date: 1 January 2023)

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 2023. The impact on the Group is still being analyzed and exclusively relates to UNIQA Insurance Group AG, Vienna, which is accounted for using the equity method in the RBI consolidated financial statements. The standard has not yet been incorporated by the EU into European law.

IAS 1 (Classification of Liabilities as Current or Non-current; effective date: 1 January 2022)

The amendments to IAS 1 aim to clarify the criteria used to classify liabilities as current or non-current. In the future, the classification of liabilities should be solely based on rights that are in existence at the end of the reporting period. The amendments also contain additional guidance for interpreting the right to defer settlement by at least twelve months and make clear what constitutes settlement.

Currencies

	2020		2019	
	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)	129.410	123.998	121.710	124.730
Belarusian ruble (BYN)	2.823	2.503	2.368	2.441
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)	7.626	7.495	7.440	7.424
Czech koruna (CZK)	27.312	25.830	25.408	25.722
Hungarian forint (HUF)	360.020	341.293	330.530	318.468
Polish zloty (PLN)	4.551	4.359	4.257	4.296
Romanian leu (RON)	4.828	4.801	4.783	4.724
Russian ruble (RUB)	85.949	74.963	69.956	75.693
Serbian dinar (RSD)	117.430	117.483	117.430	118.133
Ukrainian hryvnia (UAH)	30.398	27.915	26.592	31.188
US dollar (USD)	1.096	1.105	1.123	1.140

Consolidated group

	Fully consolidated	
Number of units	**31/3/2020**	**31/12/2019**
As at beginning of period	**209**	**226**
Included for the first time in the financial period	4	4
Merged in the financial period	0	(4)
Excluded in the financial period	(3)	(17)
As at end of period	**210**	**209**

A holding company, a company operating in the payment transfer business, a company active in providing IT services and an asset management company were included for the first time. In the reporting period, two companies engaged in leasing and insurance broker business were excluded from the consolidated group due to immateriality. One leasing company was sold.

Notes to the income statement

(1) Net interest income

in € million	1/1-31/3/2020	1/1-31/3/2019
Interest income according to effective interest method	**1,085**	**1,052**
Financial assets - fair value through other comprehensive income	20	44
Financial assets - amortized cost	1,066	1,008
Interest income other	**164**	**162**
Financial assets - held for trading	68	97
Non-trading financial assets - mandatorily fair value through profit/loss	8	3
Financial assets - designated fair value through profit/loss	6	8
Derivatives – hedge accounting, interest rate risk	58	38
Other assets	3	4
Interest income on financial liabilities	21	12
Interest expenses	**(368)**	**(390)**
Financial liabilities - amortized cost	(240)	(228)
Financial liabilities - held for trading	(70)	(119)
Financial liabilities - designated fair value through profit/loss	(13)	(14)
Derivatives – hedge accounting, interest rate risk	(36)	(14)
Other liabilities	(1)	(1)
Interest expenses on financial assets	(8)	(14)
Total	**881**	**825**

Net interest income included interest income of € 102 million (previous-year period: € 152 million) from market-to-market financial assets, and interest expenses of € 83 million (previous-year period: € 133 million) from market-to-market financial liabilities.

in € million	1/1-31/3/2020	1/1-31/3/2019
Net interest income	881	825
Average interest-bearing assets	145,384	135,917
Net interest margin in per cent	**2.43%**	**2.43%**

Net interest income increased € 57 million to € 881 million. Russia posted the largest increase at € 31 million due to higher customer loan volumes and lower interest expenses on trading portfolio. In Ukraine, the appreciation of the Ukrainian hryvnia and higher loan volumes to households led to an increase in net interest income of € 10 million. In Romania, higher loan volumes to households and non-financial corporations also led to an increase in net interest income of € 6 million. In the Czech Republic, net interest income increased € 5 million mainly due to higher market interest rates, in Bulgaria the volume-driven increase in net interest income amounted to € 3 million.

(2) Dividend income

in € million	1/1-31/3/2020	1/1-31/3/2019
Financial assets - held for trading	0	0
Financial assets - fair value through other comprehensive income	4	5
Investments in subsidiaries and associates	2	4
Total	**6**	**9**

Investments in subsidiaries and associates include dividend income from subsidiaries not fully consolidated and associates not valued at equity.

(3) Current income from investments in associates

in € million	1/1-31/3/2020	1/1-31/3/2019
Current income from investments in associates	(9)	23

The negative development resulted from Raiffeisen Informatik GmbH & Co KG, whose current income (minus € 18 million, decrease of € 33 million) was negatively impacted by a valuation loss in connection with the performance of a listed investment (SoftwareOne). The negative result of UNIQA Insurance Group AG in the first quarter of 2020 also resulted in a decrease in income.

(4) Net fee and commission income

in € million	1/1-31/3/2020	1/1-31/3/2019
Clearing, settlement and payment services	168	164
Loan and guarantee business	53	46
Securities	19	13
Asset management	63	54
Custody	17	14
Customer resources distributed but not managed	12	11
Foreign exchange business	98	85
Other	18	16
Total	**448**	**402**

Net fee and commission income increased € 46 million year-on-year to € 448 million. Thereby net income from foreign exchange business grew by € 13 million to € 98 million due to volume- and margin-driven increases, mainly in Russia, Czech Republic and Belarus. Net income from asset management also recorded an increase of € 10 million to € 63 million from higher volumes in Russia, Valida Group as well as in Raiffeisen Kapitalanlage-Gesellschaft m.b.H. Net income from loan and guarantee business rose by € 7 million including a positive effect in head office related to unused credit facilities. In addition, net income from securities business grew by € 6 million primarily from debt capital market transactions in head office as well as from increases in Czech Republic, Slovakia and Hungary. Higher income from cash management and from credit card business in head office led to an increase of € 4 million in net income from clearing, settlement and payment services.

in € million	1/1-31/3/2020	1/1-31/3/2019
Fee and commission income	**654**	**580**
Clearing, settlement and payment services	282	269
Clearing and settlement	71	59
Credit cards	27	24
Debit cards and other card payments	62	59
Other payment services	122	128
Loan and guarantee business	60	53
Securities	35	25
Asset management	98	80
Custody	20	17
Customer resources distributed but not managed	19	16
Foreign exchange business	107	92
Other	33	28
Fee and commission expenses	**(207)**	**(179)**
Clearing, settlement and payment services	(114)	(105)
Clearing and settlement	(34)	(28)
Credit cards	(16)	(15)
Debit cards and other card payments	(29)	(24)
Other payment services	(34)	(38)
Loan and guarantee business	(7)	(7)
Securities	(16)	(11)
Asset management	(34)	(26)
Custody	(4)	(3)
Customer resources distributed but not managed	(7)	(5)
Foreign exchange business	(9)	(7)
Other	(15)	(12)
Total	**448**	**402**

(5) Net trading income and fair value result

in € million	1/1-31/3/2020	1/1-31/3/2019
Net gains/losses on financial assets and liabilities - held for trading	**232**	**(229)**
Derivatives	378	(225)
Equity instruments	(91)	(1)
Debt securities	(34)	8
Loans and advances	3	2
Short positions	0	(2)
Deposits	(28)	(14)
Debt securities issued	(1)	0
Other financial liabilities	3	2
Net gains/losses on non-trading financial assets - mandatorily fair value through profit or loss	**(3)**	**8**
Equity instruments	0	0
Debt securities	(8)	4
Loans and advances	5	4
Net gain/losses on financial assets and liabilities - designated fair value through profit/loss	**(13)**	**12**
Debt securities	(7)	20
Deposits	(3)	(2)
Debt securities issued	(3)	(6)
Exchange differences, net	**(179)**	**157**
Total	**37**	**(52)**

Net trading income was up € 89 million year-on-year. This was mainly due to positive valuation effects in the item derivatives due to market developments in connection with the spread of COVID-19. Largely as a consequence of the resultant increase in credit spreads and economic hedges entered into from September 2019 onwards for interest rate risk, higher valuation gains from certificates issued of € 61 million were posted. As these are certificates that are repayable at maturity, the valuations are neutralized over the portfolio's term. An additional positive change of € 38 million related to the valuation of a building society portfolio, as it created a loss in the comparable period of the previous year, but was embedded into a hedge accounting relationship in April 2019, which led to the valuation changes being largely neutralized from then on.

In total, gains of € 378 million were recognized on derivatives in the reporting period in net gains/losses on financial assets and liabilities – held for trading (prior-year period: losses of € 225 million). Derivatives are mainly used to hedge interest rate and currency risks. A large part of these losses was offset by (net) currency translation losses of € 179 million (prior-year period: gain of € 157 million), mostly relating to changes in the Russian ruble exchange rate and in foreign currency exposures at head office.

Negative changes of € 90 million and € 42 million respectively were reported in equity instruments and debt securities held for trading. Both were caused by market deteriorations in the wake of the spread of COVID-19. The equity instruments are mostly embedded in hedging relationships, resulting in the loss being offset by a profit in the derivatives item.

The deposits held for trading were mainly affected by losses on spot transactions in Russia. The losses were incurred in connection with the hedging of foreign currency transactions with customers; corresponding commission income is included in net fee and commission income. Opposite valuations or realized net gains/losses on the foreign exchange derivatives that are used in this connection and held for economic hedge purposes are included in the derivatives item.

In addition, net gains/losses on non-trading financial assets - mandatorily fair value through profit or loss were down € 11 million. This was primarily due to valuation losses in connection with investment funds, the market values of which fell in the wake of market developments related to the spread of COVID-19.

The changes of minus € 27 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 valuations of derivatives held for economic hedge purposes that are included in the net gains/losses on financial assets and liabilities – held for trading item.

(6) Net gains/losses from hedge accounting

in € million	1/1-31/3/2020	1/1-31/3/2019
Fair value changes of the hedging instruments	(47)	33
Fair value changes of the hedged items attributable to the hedged risk	59	(27)
Ineffectiveness of cash flow hedge recognized in profit or loss	0	0
Total	**12**	**6**

Net gains/losses from hedge accounting amounted to € 12 million in the reporting period (comparable period: € 6 million). Despite the dynamic interest environment, there is still a high level of hedge efficiency.

(7) Other net operating income

in € million	1/1-31/3/2020	1/1-31/3/2019[1]
Gains/losses on derecognition of financial assets and liabilities - not measured at fair value through profit/loss	0	4
Gains/losses on derecognition of non-financial assets held for sale	2	1
Net income arising from non-banking activities	8	8
Net income from additional leasing services	0	0
Net income from insurance contracts	1	(2)
Net rental income from investment property incl. operating lease (real estate)	14	10
Net expense from allocation and release of other provisions	14	(2)
Other non-income related taxes	(16)	(16)
Sundry operating income/expenses	6	(1)
Total	**29**	**0**

1 Previous-year figures adapted due to changed allocation

Other net operating income increased € 29 million year-on-year. Net expense from allocation and release of other provisions increased € 17 million, mainly relating to a provision release for a legal case in Slovakia (€ 18 million). There were further increases in other net operating income at head office (€ 8 million) and in the Czech Republic (€ 3 million).

(8) General administrative expenses

in € million	1/1-31/3/2020	1/1-31/3/2019
Staff expenses	(402)	(379)
Other administrative expenses	(259)	(257)
Depreciation of tangible and intangible fixed assets	(94)	(89)
Total	**(755)**	**(724)**

General administrative expenses increased € 31 million year-on-year to € 755 million. Exchange rate developments led to a € 1 million increase in general administrative expenses in the reporting period, mainly due to a 10 per cent appreciation of the Ukrainian hryvnia (on average over the period).

Staff expenses

in € million	1/1-31/3/2020	1/1-31/3/2019
Wages and salaries	(313)	(295)
Social security costs and staff-related taxes	(72)	(67)
Other voluntary social expenses	(11)	(9)
Sundry staff expenses	(6)	(7)
Total	**(402)**	**(379)**

Staff expenses rose 6 per cent, or € 24 million, to € 402 million, while the average headcount fell slightly year-on-year by 285 full-time equivalents to 46,877 employees. The increase in staff expenses resulted mainly from the salary adjustments made in the previous year, above all in Russia, Ukraine and the Czech Republic.

Other administrative expenses

in € million	1/1-31/3/2020	1/1-31/3/2019
Office space expenses	(27)	(24)
IT expenses	(76)	(79)
Legal, advisory and consulting expenses	(24)	(25)
Advertising, PR and promotional expenses	(25)	(23)
Communication expenses	(15)	(14)
Office supplies	(7)	(5)
Car expenses	(3)	(3)
Deposit insurance fees	(39)	(44)
Security expenses	(10)	(11)
Traveling expenses	(3)	(3)
Training expenses for staff	(4)	(4)
Sundry administrative expenses	(25)	(23)
Total	**(259)**	**(257)**

There were only minor changes in other administrative expenses. Overall, other administrative expenses rose € 2 million to € 259 million. Increases in other administrative expenses resulted primarily from increased advertising and IT expenses in Russia (€ 4 million) and higher advertising and office space expenses in the Czech Republic (€ 2 million). Declines resulted from lower IT expenses at head office (€ 7 million) and lower contributions to deposit insurance fees in Romania (€ 6 million). Other administrative expenses include € 3 million for short-term leases and € 1 million for leases of low-value assets in accordance with IFRS 16.

Depreciation of tangible and intangible fixed assets

in € million	1/1-31/3/2020	1/1-31/3/2019
Tangible fixed assets	(57)	(53)
hereof right-of-use assets	(21)	(20)
Intangible fixed assets	(37)	(35)
Total	**(94)**	**(89)**

Depreciation of tangible and intangible fixed assets rose 6 per cent or € 5 million. The largest increases were recorded in Ukraine, the Czech Republic and Serbia, each with € 1 million.

(9) Other result

in € million	1/1-31/3/2020	1/1-31/3/2019
Net modification gains/losses	**(10)**	**0**
Financial assets - amortized cost	(10)	0
Impairment or reversal of impairment on investments in subsidiaries and associates	**(30)**	**(15)**
Impairment on non-financial assets	**(26)**	**(3)**
Goodwill	(27)	0
Other	0	(3)
Result from non-current assets and disposal groups classified as held for sale and deconsolidation	**(1)**	**(7)**
Net income from non-current assets and disposal groups classified as held for sale	0	2
Result of deconsolidations	(1)	(9)
Tax expenses not attributable to the business activity	**0**	**0**
Credit-linked and portfolio-based provisions for litigation	**(16)**	**(1)**
Total	**(82)**	**(26)**

In the reporting period, losses from modification of contract conditions amounted to € 10 million and mainly resulted from COVID-19 measures in Hungary and Romania. In both countries, the first effects were shown in the income statement due to payment moratoriums, i.e. the borrowers are granted a deferred payment for up to nine months or until end of year, respectively.

Impairment on investments in subsidiaries and associates increased € 15 million to € 30 million. The increase of € 13 million related to impairment on investments in associates, especially the shares in LEIPNIG-LUNDENBURGER INVEST Beteiligungs AG due to the worse economic outlook caused by the pandemic.

Impairment on non-financial assets were up € 24 million to € 26 million. In the reporting period, the goodwill of Raiffeisen Kapitalanlage-Gesellschaft was partly impaired by € 27 million due to the revised medium-term plan caused by the pandemic.

In the reporting period, credit-linked and portfolio-based provisions for litigation of € 16 million due to adjustments of calculation parameters - were made in connection with pending lawsuits for customer mortgage loans which are denominated or linked to a foreign currency in Poland and Croatia.

(10) Levies and special governmental measures

in € million	1/1-31/3/2020	1/1-31/3/2019
Bank levies	(73)	(66)
Profit/loss from banking business due to governmental measures	0	0
Resolution fund	(55)	(48)
Total	**(128)**	**(114)**

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 € 13 million (comparable period: € 6 million), Austria and Poland. The increase in Slovakia was due to a doubling of bank levies (increase from 0.2 per cent to 0.4 per cent of the assessment basis).

Contributions to the resolution fund, which have to be recognized in full at the beginning of the year, increased € 7 million to € 55 million. The increase resulted from higher contributions at head office, in Romania, Bulgaria and Hungary, while there was a reduction in the Czech Republic.

(11) Impairment losses on financial assets

in € million	1/1-31/3/2020	1/1-31/3/2019
Loans and advances	(170)	(24)
Debt securities	(1)	1
Loan commitments, financial guarantees and other commitments given	18	14
Total	**(153)**	**(9)**

Impairments on financial assets increased year-on-year by a total of € 144 million to € 153 million. The largest increases were recorded for loans to non-financial corporations (up € 113 million) and to households (up € 24 million). This was offset by a decrease in loan commitments, financial guarantees and other commitments of € 4 million.

In the first quarter of 2020, COVID-19 caused impairments of € 96 million, with non-financial corporations accounting for € 67 million and households for € 29 million. The increased impairments were primarily due to post-model adjustments (€ 68 million) and adjustments to forward looking information (€ 28 million).

The highest changes were recorded at head office (up € 28 million), in Slovakia (up € 25 million), in Hungary (up € 20 million), in Romania (up € 15 million) and in Russia (up € 13 million). At head office, impairment losses of € 24 million were recognized due to individual cases with large corporates and in addition € 10 million were recognized due to COVID-19. This was offset by reversals for off-balance sheet transactions amounting to € 12 million. In Slovakia, impairments on financial assets increased € 25 million. This increase resulted partially from parameter adjustments due to COVID-19 of € 12 million, especially for loans to non-financial corporations. In Hungary, impairment losses rose € 20 million mainly due to parameter adjustments caused by COVID-19 for households (€ 7 million) and for non-financial corporations (€ 3 million). In Romania, the impairments rose € 15 million, which resulted primarily from parameter adjustments in the non-retail models. Russia posted an increase in impairment losses of € 13 million to € 17 million, mainly on loans to households and non-financial corporations and of existing impairments, of which € 9 million was attributable to adjustments caused by COVID-19.

(12) Income taxes

in € million	1/1-31/3/2020	1/1-31/3/2019
Current income taxes	(77)	(81)
Austria	3	8
Foreign	(79)	(88)
Deferred taxes	(2)	(1)
Total	**(79)**	**(81)**

The € 2 million reduction in income taxes was attributed to lower profits in Central Europe and Southeastern Europe, mainly due to decreases in the Czech Republic by € 4 million and in Croatia by € 3 million. In contrast, there was an increase in income taxes of € 5 million due to profit increases in Eastern Europe, especially in Russia. In addition, there was a positive contribution of € 8 million in the previous year due to valuation losses from derivatives at Raiffeisen Bausparkasse.

The effective tax rate rose 3.7 percentage points to 27.6 per cent. The increase was the result of the head office's lower earnings contribution, primarily due to impairments on companies valued at equity and an impairment on the goodwill of Raiffeisen Kapitalanlage-Gesellschaft.

Notes to the statement of financial position

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

in € million	31/3/2020	31/12/2019
Cash in hand	5,149	4,528
Balances at central banks	16,382	14,395
Other demand deposits at banks	5,678	5,366
Total	**27,209**	**24,289**

The increase in the item balances at central banks was primarily due to deposits made for liquidity management purposes and the minimum reserve. The item balances at central banks included € 216 million (31/12/2019: € 283 million) of minimum reserves at central banks which were not freely available. The item other demand deposits at banks included € 506 million (31/12/2019: € 157 million) in cash collateral, mainly for borrowed securities.

(14) Financial assets - amortized cost

	31/3/2020			31/12/2019
in € million	Gross carrying amount	Accumulated impairment	Carrying amount	Carrying amount
Debt securities	**10,394**	**(9)**	**10,385**	**9,973**
Central banks	1,314	0	1,314	1,497
General governments	6,941	(3)	6,939	6,452
Banks	1,262	0	1,261	1,097
Other financial corporations	583	(3)	579	555
Non-financial corporations	294	(3)	292	373
Loans and advances	**102,450**	**(2,388)**	**100,062**	**100,312**
Central banks	4,043	0	4,043	4,602
General governments	1,546	(4)	1,542	1,191
Banks	4,185	(4)	4,181	4,833
Other financial corporations	10,317	(48)	10,269	9,795
Non-financial corporations	47,860	(1,259)	46,601	45,291
Households	34,499	(1,073)	33,426	34,600
Total	**112,844**	**(2,397)**	**110,447**	**110,285**

The carrying amount of financial assets - amortized cost rose a marginal € 162 million compared to year-end 2019. Despite growth in lending to non-financial corporations, the loan book remained virtually flat due to rapid currency depreciation, particularly in Russia and the Czech Republic. The sharp decline especially in loans and advances to households (down € 1,174 million) was offset by the increase in non-financial corporations (up € 1,311 million) concentrated at head office and in Slovakia. The increase at head office was largely the result of standard loans, export finance, project finance and real estate finance. Slovakia recorded an increase of € 248 million that was largely fueled by organic growth in the lending business.

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

in € million	31/3/2020 Gross carrying amount[1]	Accumulated impairment	Carrying amount	31/12/2019 Carrying amount
Equity instruments	**185**	**–**	**185**	**229**
Banks	11	–	11	26
Other financial corporations	97	–	97	130
Non-financial corporations	77	–	77	72
Debt securities	**4,404**	**(3)**	**4,401**	**4,553**
General governments	3,184	(2)	3,182	3,091
Banks	993	0	993	1,176
Other financial corporations	87	0	87	142
Non-financial corporations	140	0	140	145
Total	**4,589**	**(3)**	**4,587**	**4,781**

1 Gross carrying amount is defined according to FINREP Annex V 1.34(b).

The carrying amount of financial assets – fair value through other comprehensive income decreased € 195 million compared to year-end 2019. The decline was chiefly attributable to the sale of a portion of the portfolio in Slovakia and to negative currency and stock exchange trends but was partly offset by an increase in debt securities in Romania. Changes in the measurements of equity instruments due to COVID-19 had a negative impact.

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

in € million	31/3/2020	31/12/2019
Equity instruments	**1**	**1**
Other financial corporations	1	1
Debt securities	**459**	**447**
General governments	271	239
Banks	20	20
Other financial corporations	163	187
Non-financial corporations	6	1
Loans and advances	**360**	**327**
General governments	3	3
Other financial corporations	37	48
Non-financial corporations	99	83
Households	220	193
Total	**820**	**776**

The increase of € 44 million in the item non-trading financial assets - mandatorily fair value through profit/loss was largely due to an increase in the government-sponsored lending program for young families in Hungary and in debt securities in Russia. The increase was reduced by fund sales of Valida Group and the depreciation of the Russian ruble.

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

in € million	31/3/2020	31/12/2019
Debt securities	**2,181**	**2,276**
General governments	1,814	1,903
Banks	249	259
Other financial corporations	0	0
Non-financial corporations	117	114
Total	**2,181**	**2,276**

The decline in the item financial assets - designated fair value through profit/loss reflected changes in exchange rates and developments on stock exchanges.

(18) Financial assets - held for trading

in € million	31/3/2020	31/12/2019
Derivatives	**2,914**	**1,894**
Interest rate contracts	1,484	1,245
Equity contracts	126	180
Foreign exchange rate and gold contracts	1,291	458
Credit contracts	11	5
Commodities	1	5
Other	1	1
Equity instruments	**200**	**427**
Banks	17	104
Other financial corporations	77	111
Non-financial corporations	106	211
Debt securities	**1,717**	**1,861**
Central banks	0	7
General governments	1,092	1,049
Banks	396	511
Other financial corporations	144	179
Non-financial corporations	86	115
Total	**4,832**	**4,182**

Currency volatility increased the fair values of foreign currency derivatives.

Securities under financial assets - held for trading provided as collateral, which the recipient is entitled to sell or pledge, amounted to € 75 million (31/12/2019: € 126 million).

Details on derivatives are shown under (44) Derivative financial instruments.

(19) Hedge accounting

in € million	31/3/2020	31/12/2019
Positive fair values of derivatives in micro fair value hedge	**262**	**278**
Interest rate contracts	256	270
Foreign exchange rate and gold contracts	6	8
Positive fair values of derivatives in micro cash flow hedge	**5**	**5**
Interest rate contracts	5	5
Positive fair values of derivatives in net investment hedge	**63**	**0**
Positive fair values of derivatives in portfolio hedge	**123**	**119**
Cash flow hedge	17	7
Fair value hedge	106	112
Fair value adjustments of the hedged items in portfolio hedge of interest rate risk	**158**	**(5)**
Total	**611**	**397**

The positive fair values of derivative financial instruments resulting from net investment hedge increased to € 63 million (31/12/2019: € 0 million). This increase was mainly due to euro-ruble foreign exchange rate contracts to hedge the net investment in the Russian subsidiary.

The carrying amount of the item fair value adjustments of the hedged items in portfolio hedge of interest rate risk increased € 163 million compared to year-end 2019. This increase was primarily the result of the introduction of a portfolio hedge at Raiffeisen Bausparkasse Gesellschaft m.b.H. as well as the decrease in interest rates in the Czech Republic for fixed-rate loans in portfolio fair value hedges.

(20) Investments in subsidiaries and associates

in € million	31/3/2020	31/12/2019
Investments in affiliated companies	253	270
Investments in associates valued at equity	709	836
Total	**962**	**1,107**

Investments in associates valued at equity are as follows:

in € million	Share in % 31/3/2020	Carrying amount 31/3/2020	Carrying amount 31/12/2019
card complete Service Bank AG, Vienna (AT)	25.0%	14	14
EMCOM Beteiligungs GmbH, Vienna (AT)	33.6%	7	7
LEIPNIK-LUNDENBURGER INVEST Beteiligungs Aktiengesellschaft, Vienna (AT)	33.1%	174	197
NOTARTREUHANDBANK AG, Vienna (AT)	26.0%	11	11
Oesterreichische Kontrollbank Aktiengesellschaft, Vienna (AT)	8.1%	47	48
Österreichische Hotel- und Tourismusbank Gesellschaft m.b.H., Vienna (AT)	31.3%	11	11
Posojilnica Bank eGen, Klagenfurt (AT)	49.5%	10	13
Prva stavebna sporitelna a.s., Bratislava (SK)	32.5%	45	44
Raiffeisen Informatik GmbH & Co KG, Vienna (AT)	47.6%	101	147
Raiffeisen-Leasing Management GmbH, Vienna (AT)	50.0%	14	13
UNIQA Insurance Group AG, Vienna (AT)	10.9%	276	331
Total		**709**	**836**

Significant influence over UNIQA Insurance Group AG, Vienna, exists as a result of a syndicate agreement with the other core shareholders that governs the right to appoint members of the Supervisory Board, among other things. Significant influence over Oesterreichische Kontrollbank AG, Vienna, exists as a result of two permanent positions on the Supervisory Board.

(21) Tangible and intangible fixed assets

in € million	31/3/2020	31/12/2019
Tangible fixed assets	**1,717**	**1,829**
Land and buildings used by the group for own purpose	572	609
Office furniture, equipment and other tangible fixed assets	303	330
Investment property	307	301
Other leased assets (operating lease)	104	133
Right-of-use assets	430	456
Intangible fixed assets	**693**	**757**
Software	604	636
Goodwill	72	101
Brand	9	10
Customer relationships	2	3
Other intangible fixed assets	7	7
Total	**2,410**	**2,586**

In the reporting period, the goodwill of Raiffeisen Kapitalanlage-Gesellschaft was partially impaired by € 27 million. The decline in tangible fixed assets is primarily the result of exchange rate effects, particularly with respect to the Russian ruble, Ukrainian hryvnia and Czech koruna.

In the first quarter, € 32 million was invested in software (31/3/2019: € 34 million).

(22) Tax assets

in € million	31/3/2020	31/12/2019
Current tax assets	77	61
Deferred tax assets	143	144
Temporary tax claims	128	127
Loss carry forwards	15	17
Total	**220**	**205**

(23) Other assets

in € million	31/3/2020	31/12/2019
Prepayments and other deferrals	451	459
Merchandise inventory and suspense accounts for services rendered not yet charged out	280	287
Non-current assets and disposal groups classified as held for sale	4	21
Other assets	583	549
Total	**1,318**	**1,315**

Merchandise inventory and suspense accounts for services rendered not yet charged out included property under construction or not yet sold of Raiffeisen Leasing Group in Austria and Italy of € 145 million (31/12/2019: € 137 million). The increase in the item other assets resulted mainly from payment settlement accounts at head office.

(24) 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	31/3/2020	31/12/2019
Deposits from banks	**25,122**	**23,582**
Current accounts/overnight deposits	12,183	10,864
Deposits with agreed maturity	11,939	11,731
Repurchase agreements	1,000	987
Deposits from customers	**96,780**	**95,911**
Current accounts/overnight deposits	66,275	64,760
Deposits with agreed maturity	30,346	31,071
Repurchase agreements	160	79
Debt securities issued	**9,376**	**8,780**
Certificates of deposits	0	1
Covered bonds	1,270	1,321
Other debt securities issued	8,106	7,457
hereof convertible compound financial instruments	1,016	1,070
hereof non-convertible	7,090	6,387
Other financial liabilities	**616**	**492**
Total	**131,895**	**128,764**
hereof subordinated financial liabilities	2,563	2,726
hereof lease liabilities	436	453

The total change in deposits from banks is largely concentrated at head office. Current accounts/overnight deposits rose € 1,397 million. Deposits with agreed maturity increased € 334 million at head office as well but decreased € 162 million for example in the Czech Republic. Repurchase agreements remained stable year-on-year.

Deposits from customers revealed a clear preference for short-term deposits. Head office recorded higher deposits from commercial customers in current accounts/overnight deposits, which increased this item € 791 million. Increases were also recorded in Romania (up € 450 million, particularly from households), Serbia (up € 167 million) and Russia (up € 214 million). This item decreased € 550 million in the Czech Republic. However, the decrease was solely attributable to exchange rate fluctuations; it was stable on a local currency basis. Exchange rate fluctuations also account for part of the decline in deposits with agreed maturity. This currency effect was particularly noticeable in Russia. Deposits with agreed maturity rose slightly in local currency terms but declined € 860 million in euro terms. In contrast, the changes in Romania (up € 347 million, particularly from commercial customers) and at head office (up € 526 million) were mainly the result of higher volumes. In the end, this item ended up down € 727 million due to a combination of exchange rate effects and lower volumes (particularly for deposits from households and other financial corporations).

Deposits from banks and customers by asset classes:

in € million	31/3/2020	31/12/2019
Central banks	2,975	2,462
General governments	3,449	3,171
Banks	22,147	21,120
Other financial corporations	11,053	10,929
Non-financial corporations	35,859	34,849
Households	46,419	46,961
Total	**121,902**	**119,493**

Deposits from central banks rose especially at head office (up € 480 million). Deposits from general governments increased € 537 million at head office as well. In contrast, Russia recorded a decline of € 310 million because a Federal Treasury deposit matured in February 2020. The change in deposits from banks mainly resulted from larger overnight deposits at head office (up € 1,465 million) and volume- and exchange rate-related declines in Russia (down € 420 million). While increases were reported in local currency terms, exchange rate effects in Russia and the Czech Republic in particular led to a decline in deposits from households of € 543 million.

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

in € million	31/3/2020	31/12/2019
Deposits from banks	**24**	**25**
Deposits with agreed maturity	24	25
Deposits from customers	**302**	**303**
Deposits with agreed maturity	302	303
Debt securities issued	**1,391**	**1,515**
Other debt securities issued	1,391	1,515
hereof convertible compound financial instruments	9	10
hereof non-convertible	1,381	1,505
Total	**1,717**	**1,843**
hereof subordinated financial liabilities	380	405

The difference between the current fair value of these designated liabilities and the amount contractually required to be paid at maturity amounted to minus € 343 million (31/12/2019: minus € 395 million). There have been no significant transfers within equity or derecognition of liabilities designated at fair value in the reporting period.

(26) Financial liabilities - held for trading

in € million	31/3/2020	31/12/2019
Derivatives	**3,108**	**1,934**
Interest rate contracts	1,233	1,060
Equity contracts	583	185
Foreign exchange rate and gold contracts	1,191	584
Credit contracts	13	18
Commodities	11	0
Other	77	86
Short positions	**377**	**361**
Equity instruments	106	75
Debt securities	272	285
Debt securities issued	**2,949**	**3,495**
Hybrid contracts	2,796	3,210
Other debt securities issued	153	285
hereof convertible compound financial instruments	153	285
Total	**6,435**	**5,789**

Currency volatility increased the fair values of foreign currency derivatives.

Details on derivatives are shown under (44) Derivative financial instruments.

(27) Hedge accounting

in € million	31/3/2020	31/12/2019
Negative fair values of derivatives in micro fair value hedge	**47**	**41**
Interest rate contracts	47	41
Negative fair values of derivatives in micro cash flow hedge	**7**	**4**
Interest rate contracts	7	4
Negative fair values of derivatives in net investment hedge	**1**	**7**
Negative fair values of derivatives in portfolio hedge	**285**	**231**
Cash flow hedge	0	2
Fair value hedge	285	228
Fair value adjustments of the hedged items in portfolio hedge of interest rate risk	**62**	**(36)**
Total	**402**	**246**

Negative fair values of derivatives in portfolio hedge amounted to € 285 million (31/12/2019: € 231 million). The increase is largely due to the implementation of a portfolio hedge at Raiffeisen Bausparkasse Gesellschaft m.b.H. due to falling interest rates.

The item fair value adjustments of the hedged items in portfolio hedge of interest rate risk increased € 98 million from year-end 2019, from minus € 36 million to € 62 million. This was mainly due to the fair value development of the hedged liabilities in portfolio hedges of Raiffeisenbank a.s., Prague, amid a decline in interest rates, particularly for hedged customer deposits in Czech koruna.

(28) Provisions for liabilities and charges

in € million	31/3/2020	31/12/2019
Provisions for off-balance sheet items	**148**	**173**
Other commitments and guarantees according to IFRS 9	144	161
Other commitments and guarantees according to IAS 37	4	12
Provisions for staff	**487**	**500**
Pensions and other post employment defined benefit obligations	204	204
Other long-term employee benefits	43	42
Bonus payments	176	192
Provisions for overdue vacations	60	56
Termination benefits	4	6
Other provisions	**433**	**410**
Pending legal issues and tax litigation	207	222
Restructuring	22	26
Onerous contracts	66	66
Other provisions	137	96
Total	**1,068**	**1,083**

Provisions decreased € 14 million to € 1,068 million. The decrease is attributable to releases of provisions for pending legal issues and tax litigation and to disbursements of bonus payments. In Slovakia, a provision for a legal case of € 18 million was released, which was partly offset by increases in provisions for pending legal issues regarding Swiss franc loans in Croatia (up € 7 million to € 28 million) and Poland (up € 8 million to € 57 million). The increase in other provisions was attributable to allocations of € 32 million in connection with the resolution fund and deposit insurance.

(29) Tax liabilities

in € million	31/3/2020	31/12/2019
Current tax liabilities	37	31
Deferred tax liabilities	33	38
Total	**70**	**69**

(30) Other liabilities

in € million	31/3/2020	31/12/2019
Deferred income and accrued expenses	424	440
Sundry liabilities	407	201
Total	**831**	**641**

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

(31) Equity

in € million	31/3/2020	31/12/2019
Consolidated equity	11,271	11,817
Subscribed capital	1,002	1,002
Capital reserves	4,992	4,992
Retained earnings	8,654	8,443
hereof consolidated profit/loss	177	1,227
Cumulative other comprehensive income	(3,377)	(2,620)
Non-controlling interests	786	811
Additional tier 1	1,121	1,137
Total	**13,177**	**13,765**

As at 31 March 2020, 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.

RBI's equity including capital attributable to non-controlling interests declined € 587 million to € 13,177 million from the beginning of the year. The decrease was chiefly the result of the total comprehensive income for the period of minus € 605 million.

The Management Board decided on 4 February 2020 to propose a dividend of € 1.00 per share for the 2019 financial year to the Annual General Meeting. This would correspond to a maximum dividend payout of € 329 million. Given the recommendation that the European Central Bank made at the end of March regarding dividend distributions and the uncertainties produced by COVID-19, the dividend proposal for the 2019 financial year could be revisited as soon as the financial impacts of COVID-19 have become clearer.

Notes to financial instruments

(32) Fair value of financial instruments

Fair value of financial instruments reported at fair value:

Assets in € million	31/3/2020 Level I	 Level II	 Level III	31/12/2019 Level I	 Level II	 Level III
Financial assets - held for trading	**1,624**	**3,208**	**0**	**1,910**	**2,272**	**0**
Derivatives	83	2,831	0	29	1,866	0
Equity instruments	200	0	0	420	7	0
Debt securities	1,341	377	0	1,462	399	0
Non-trading financial assets - mandatorily fair value through profit/loss	**419**	**41**	**361**	**394**	**54**	**328**
Equity instruments	1	0	0	1	0	0
Debt securities	418	41	1	393	54	1
Loans and advances	0	0	360	0	0	327
Financial assets - designated fair value through profit/loss	**2,139**	**43**	**0**	**2,231**	**45**	**0**
Debt securities	2,139	43	0	2,231	45	0
Financial assets - fair value through other comprehensive income	**3,941**	**516**	**130**	**3,912**	**681**	**188**
Equity instruments	1	54	130	2	82	145
Debt securities	3,940	462	0	3,911	600	42
Hedge accounting	**0**	**453**	**0**	**0**	**402**	**0**

Liabilities in € million	31/3/2020 Level I	 Level II	 Level III	31/12/2019 Level I	 Level II	 Level III
Financial liabilities - held for trading	**417**	**6,018**	**0**	**405**	**5,377**	**7**
Derivatives	52	3,055	0	17	1,916	0
Short positions	364	13	0	359	2	0
Deposits	0	1	0	0	0	0
Debt securities issued	0	2,949	0	29	3,458	7
Financial liabilities - designated fair value through profit/loss	**0**	**1,717**	**0**	**0**	**1,843**	**0**
Deposits	0	327	0	0	328	0
Debt securities issued	0	1,391	0	0	1,515	0
Hedge accounting	**0**	**340**	**0**	**0**	**282**	**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 based on observable market data and are therefore subject to a measurement model that is based on inputs that are not observable on a market. 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 1/1/2020	Change in consolidated group	Exchange differences	Additions	Disposals
Financial assets - held for trading	0	0	0	12	(12)
Non-trading financial assets - mandatorily fair value through profit/loss	328	0	(12)	48	(6)
Financial assets - designated fair value through profit/loss	0	0	0	0	0
Financial assets - fair value through other comprehensive income	188	0	(1)	11	(57)
Total	**516**	**0**	**(14)**	**71**	**(76)**

Assets in € million	Gains/loss in P/L	Gain/loss in other comprehensive income	Transfer to Level III	Transfer from Level III	As at 31/3/2020
Financial assets - held for trading	0	0	0	0	0
Non-trading financial assets - mandatorily fair value through profit/loss	3	0	0	0	361
Financial assets - designated fair value through profit/loss	0	0	0	0	0
Financial assets - fair value through other comprehensive income	0	(11)	0	0	130
Total	**3**	**(11)**	**0**	**0**	**491**

Liabilities in € million	As at 1/1/2020	Change in consolidated group	Exchange differences	Additions	Disposals
Financial liabilities - held for trading	7	0	0	0	0
Total	**7**	**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 31/3/2020
Financial liabilities - held for trading	(2)	0	0	(5)	0
Total	**(2)**	**0**	**0**	**(5)**	**0**

Qualitative information for the valuation of financial instruments in Level III

Assets 31/3/2020	Fair value in € million[1]	Valuation technique	Significant unobservable inputs	Range of unobservable inputs
Financial assets - held for trading	**0**			
Treasury bills, fixed coupon bonds	0	Discounted cash flow method	All base rate of last auction (interest rate curve)	0.96 - 1.89%
Forward foreign exchange contracts	0	Discounted cash flow method	Interest rate curve	10 - 30%
Loans	0	Discounted cash flow method	Discount spread, credit spread range (CDS curves)	-
Non-trading financial assets - mandatorily fair value through profit/loss	**361**			
Other interests	0	Simplified net present value method Expert opinion	-	-
Bonds, notes and other non fixed-interest securities	1	Net Asset Value Expert opinion	Haircuts Price	20 - 50%
Loans	360	Retail: Discounted cash flow method (incl. prepayment option, withdrawal option etc.) Non Retail: Discounted cash flow method /Financial option pricing (Black-Scholes (shifted) model; Hull-White model)	Discount spread (new business) Funding curves (for liquidity costs) Credit risk premium (CDS curves)	1.44 - 3.87% over all currencies (0.14) - 1.27% over all currencies 0.03 - 57.57% (depending on the rating: from AA to CCC)
Financial assets - designated fair value through profit/loss	**0**			
Fixed coupon bonds	0	Discounted cash flow method (incl. expert opinion)	Price cap Price	-
Financial assets - fair value through other comprehensive income	**130**			
Other interests	40	Dividend discount model Simplified income approach DCF method	Credit spread Cash flow Discount rate Dividends Beta factor	-
Other interests	48	Adjusted net asset value	Adjusted equity	-
Other interests	42	Market comparable companies Transaction price Valuation report (expert judgement) Cost minus impairment	EV/Sales EV/EBIT P/E P/B	-
Total	**491**			

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

Liabilities 31/3/2020	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	Discounted cash flow method	Interest rate curve	10 - 30%
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.

31/3/2020 in € million	Level I	Level II	Level III	Fair value	Carrying amount	Difference
Assets						
Cash, cash balances at central banks and other demand deposits	**0**	**27,209**	**0**	**27,209**	**27,209**	**0**
Financial assets - amortized cost	**8,578**	**1,118**	**103,690**	**113,387**	**110,447**	**2,940**
Debt securities	8,578	1,118	776	10,473	10,385	87
Loans and advances	0	0	102,915	102,915	100,062	2,853
Liabilities						
Financial liabilities - amortized cost	**0**	**8,953**	**122,612**	**131,564**	**131,458**	**106**
Deposits from banks and customers[1]	0	0	121,601	121,601	121,466	135
Debt securities issued	0	8,953	395	9,347	9,376	(29)
Other financial liabilities	0	0	616	616	616	0

1 Not including lease liabilities in accordance with IFRS 7
Level I Quoted market prices
Level II Valuation techniques based on market data
Level III Valuation techniques not based on market data

31/12/2019 in € million	Level I	Level II	Level III	Fair value	Carrying amount	Difference
Assets						
Cash, cash balances at central banks and other demand deposits	**0**	**24,289**	**0**	**24,289**	**24,289**	**0**
Financial assets - amortized cost	**8,123**	**1,147**	**104,807**	**114,077**	**110,285**	**3,792**
Debt securities	8,123	1,147	878	10,148	9,973	174
Loans and advances	0	0	103,930	103,930	100,312	3,618
Liabilities						
Financial liabilities - amortized cost	**0**	**8,645**	**120,445**	**129,090**	**128,311**	**779**
Deposits from banks and customers[1]	0	0	119,544	119,544	119,040	505
Debt securities issued	0	8,645	409	9,054	8,780	274
Other financial liabilities	0	0	492	492	492	0

1 Not including lease liabilities in accordance with IFRS 7
Level I Quoted market prices
Level II Valuation techniques based on market data
Level III Valuation techniques not based on market data

(33) Loan commitments, financial guarantees and other commitments

in € million	31/3/2020	31/12/2019
Loan commitments given	32,726	35,136
Financial guarantees given	7,654	7,909
Other commitments given	2,963	3,298
Total	**43,343**	**46,342**
Provisions for off-balance sheet items according to IFRS 9	(144)	(161)

In addition to the provisions for off-balance sheet items according to IFRS 9 shown here, provisions for other commitments and guarantees in accordance with IAS 37 were allocated in the amount of € 4 million (31/12/2019: € 12 million).

(34) Credit quality analysis

The credit quality analysis of financial assets is a point in time assessment of the probability of default of the assets. It should be noted that for financial assets in Stages 1 and 2, due to the relative nature of significant increase in credit risk it is not necessarily the case that Stage 2 assets have a lower credit rating than Stage 1 assets, although this is normally the case. The following list provides a description of the grouping of assets by probability of default:

- Excellent are exposures which demonstrate a strong capacity to meet financial commitments, with negligible or no probability of default (PD range 0.0000 - 0.0300 per cent).
- Strong are exposures which demonstrate a strong capacity to meet financial commitments, with negligible or low probability of default (PD range 0.0300 - 0.1878 per cent).
- Good are exposures which demonstrate a good capacity to meet financial commitments, with low default risk (PD range 0.1878 - 1.1735 per cent).
- Satisfactory are exposures which require closer monitoring and demonstrate an average to fair capacity to meet financial commitments, with moderate default risk (PD range 1.1735 - 7.3344 per cent).
- Substandard are exposures which require varying degrees of special attention and default risk is of greater concern (PD range 7.3344 - 100.0 per cent).
- Credit-impaired are exposures which have been assessed as impaired (PD range 100.0 per cent).

Carrying amounts of financial assets – amortized cost by rating categories and stages:

31/3/2020 in € million	Stage 1 12 month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Excellent	17,842	1,113	0	18,955
Strong	26,527	5,843	0	32,371
Good	24,678	8,428	0	33,106
Satisfactory	13,844	6,918	0	20,762
Substandard	749	1,471	0	2,220
Credit impaired	0	0	2,805	2,805
Unrated	2,257	367	0	2,624
Gross carrying amount	**85,899**	**24,140**	**2,805**	**112,844**
Accumulated impairment	(172)	(443)	(1,783)	(2,397)
Carrying amount	**85,727**	**23,698**	**1,023**	**110,447**

31/12/2019 in € million	Stage 1 12 month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Excellent	12,748	507	0	13,255
Strong	30,092	3,807	0	33,899
Good	32,970	3,487	0	36,456
Satisfactory	17,851	3,199	0	21,050
Substandard	1,006	1,276	0	2,282
Credit impaired	0	0	2,864	2,864
Unrated	2,573	227	0	2,801
Gross carrying amount	**97,240**	**12,504**	**2,864**	**112,607**
Accumulated impairment	(183)	(342)	(1,798)	(2,322)
Carrying amount	**97,057**	**12,162**	**1,066**	**110,285**

The category unrated includes financial assets for households for whom no ratings are available. The rating is therefore based on qualitative factors. These are mainly a portfolio of mortgage loans to households in the Czech Republic.

Carrying amount of financial assets – fair value through other comprehensive income, excluding equity instruments, by rating categories and stages:

31/3/2020 in € million	Stage 1 12 month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Excellent	1,131	0	0	1,131
Strong	2,881	25	0	2,906
Good	125	86	0	211
Satisfactory	113	15	0	128
Substandard	0	0	0	0
Credit impaired	0	0	0	0
Unrated	29	0	0	29
Gross carrying amount[1]	**4,278**	**126**	**0**	**4,404**
Accumulated impairment	(1)	(1)	0	(3)
Carrying amount	**4,276**	**125**	**0**	**4,401**

1 Gross carrying amount is defined according to FINREP Annex V 1.34(b).

31/12/2019 in € million	Stage 1 12 month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Excellent	1,122	0	0	1,122
Strong	3,030	0	0	3,030
Good	125	94	0	219
Satisfactory	139	13	0	152
Substandard	0	0	0	0
Credit impaired	0	0	0	0
Unrated	31	0	0	31
Gross carrying amount[1]	**4,448**	**107**	**0**	**4,555**
Accumulated impairment	(1)	(1)	0	(3)
Carrying amount	**4,447**	**106**	**0**	**4,553**

1 Gross carrying amount is defined according to FINREP Annex V 1.34(b).

The category unrated includes financial assets for households for whom no ratings are available. The rating is therefore based on qualitative factors.

Nominal values of off-balance-sheet commitments by rating categories and stages:

31/3/2020 in € million	Stage 1 12 month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Excellent	2,877	559	0	3,437
Strong	10,305	6,856	0	17,160
Good	9,671	4,939	0	14,610
Satisfactory	4,607	2,485	0	7,092
Substandard	147	209	0	355
Credit impaired	0	0	230	230
Unrated	402	57	0	459
Nominal amount	**28,008**	**15,105**	**230**	**43,343**
Provisions for off-balance sheet items according to IFRS 9	(37)	(49)	(58)	(144)
Nominal amount after provisions	**27,970**	**15,056**	**172**	**43,199**

31/12/2019 in € million	Stage 1 12 month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Excellent	2,971	185	0	3,155
Strong	16,688	1,301	0	17,989
Good	15,371	1,280	0	16,651
Satisfactory	6,869	548	0	7,418
Substandard	185	154	0	339
Credit impaired	0	0	326	326
Unrated	427	37	0	464
Nominal amount	**42,511**	**3,505**	**326**	**46,342**
Provisions for off-balance sheet items according to IFRS 9	(44)	(30)	(87)	(161)
Nominal amount after provisions	**42,467**	**3,475**	**239**	**46,182**

The category unrated includes off-balance sheet commitments for households for whom no ratings are available. The rating is therefore based on qualitative factors.

The following table shows an analysis of the default risk from derivative transactions, most of which are OTC contracts. Default risk can be minimized by the use of settlement houses and collateral in most cases.

31/3/2020	Nominal amount	Fair Value	
in € million		Assets	Liabilities
OTC products	**232,723**	**3,226**	**(3,302)**
Interest rate contracts	174,561	1,868	(1,572)
Equity contracts	3,583	45	(540)
Foreign exchange rate and gold contracts	54,579	1,313	(1,190)
Products traded on stock exchange	**2,376**	**128**	**(45)**
Interest rate contracts	113	0	0
Equity contracts	1,161	81	(43)
Foreign exchange rate and gold contracts	1,102	47	(2)
Other - Credit contracts, commodities and other contracts	**2,669**	**13**	**(101)**
Total	**237,768**	**3,367**	**(3,448)**

31/12/2019	Nominal amount	Fair Value	
in € million		Assets	Liabilities
OTC products	**220,664**	**2,258**	**(2,089)**
Interest rate contracts	164,571	1,639	(1,336)
Equity contracts	3,572	156	(170)
Foreign exchange rate and gold contracts	52,521	464	(584)
Products traded on stock exchange	**3,127**	**26**	**(23)**
Interest rate contracts	206	0	0
Equity contracts	1,549	24	(15)
Foreign exchange rate and gold contracts	1,371	2	(7)
Other - Credit contracts, commodities and other contracts	**2,286**	**12**	**(104)**
Total	**226,077**	**2,297**	**(2,216)**

(35) 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:

31/3/2020	Maximum exposure to credit risk		
in € million	Not subject to impairment	Subject to impairment	hereof loans and advances non-trading as well as loan commitments, financial guarantees and other commitments
Financial assets - amortized cost	0	112,844	102,450
Financial assets - fair value through other comprehensive income[1]	0	4,404	0
Non-trading financial assets - mandatorily fair value through profit/loss	819	0	360
Financial assets - designated fair value through profit/loss	2,181	0	0
Financial assets - held for trading	4,631	0	0
On-balance	**7,631**	**117,248**	**102,810**
Loan commitments, financial guarantees and other commitments	0	43,343	43,343
Total	**7,631**	**160,591**	**146,153**

1 Gross carrying amount is defined according to FINREP Annex V 1.34(b).

31/12/2019	Maximum exposure to credit risk		
in € million	Not subject to impairment	Subject to impairment	hereof loans and advances non-trading as well as loan commitments, financial guarantees and other commitments
Financial assets - amortized cost	0	112,607	102,626
Financial assets - fair value through other comprehensive income[1]	0	4,555	0
Non-trading financial assets - mandatorily fair value through profit/loss	775	0	327
Financial assets - designated fair value through profit/loss	2,276	0	0
Financial assets - held for trading	3,756	0	0
On-balance	**6,806**	**117,162**	**102,953**
Loan commitments, financial guarantees and other commitments	0	46,342	46,342
Total	**6,806**	**163,505**	**149,295**

1 Gross carrying amount is defined according to FINREP Annex V 1.34(b).

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.

RBI Group's policies regarding obtaining collateral have not been significantly changed during the reporting period; however, they are updated on a yearly basis. In some countries, governments have announced measures to guarantee the borrowing of otherwise financially healthy companies and households which are impacted by the COVID-19 pandemic. In general the guarantees are expected to ensure partial or full recovery of amounts related to individual borrowers. As of 31 March 2020 it is was not clear on an individual or collective level which borrowers in which countries will make use of the guarantees, therefore these amounts are not reflected in collateral or guarantees values.

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 loans and receivables categorized as financial assets at amortized cost and as financial assets at fair value through other comprehensive income:

31/3/2020 in € million	Maximum exposure to credit risk	Fair value of collateral	Credit risk exposure net of collateral
Central banks	4,043	152	3,891
General governments	1,549	655	894
Banks	4,185	1,422	2,763
Other financial corporations	10,355	4,288	6,067
Non-financial corporations	47,959	21,798	26,162
Households	34,719	21,409	13,310
Commitments/guarantees issued	43,343	7,146	36,197
Total	**146,153**	**56,870**	**89,283**

31/12/2019 in € million	Maximum exposure to credit risk	Fair value of collateral	Credit risk exposure net of collateral
Central banks	4,602	172	4,430
General governments	1,199	531	668
Banks	4,837	2,356	2,481
Other financial corporations	9,887	4,813	5,073
Non-financial corporations	46,553	22,461	24,093
Households	35,874	22,407	13,468
Commitments/guarantees issued	46,342	8,114	38,228
Total	**149,295**	**60,854**	**88,442**

(36) Forward looking information

The following table shows the change in the full year macro-economic estimates for the years 2020, 2021 and 2022 from one quarter to the next. Due to the current high degree of uncertainty, caused by the COVID 19 pandemic, the short-term negative estimates are considered reasonable and supportable. Long-term estimates assume economic recovery as a result of the economic support and relief measures on a national and supranational level. The macro-economic forecasts are used either directly in the calculation of expected credit losses or as guidance for post-model adjustments. These estimates were used to calculate the expected credit losses at the end of the quarter (Source: Raiffeisen Research March 2020)

Real GDP		Full-Year 2020f			Full-Year 2021f			Full-Year 2022f		
	Scenario	Q4 2019	Q1 2020	Change	Q4 2019	Q1 2020	Change	Q4 2019	Q1 2020	Change
Austria	Optimistic	1.3%	(3.5)%	(4.8) PP	2.0%	4.6%	2.6 PP	1.7%	1.8%	0.1 PP
	Base	0.8%	(4.5)%	(5.3) PP	1.4%	4.0%	2.6 PP	1.2%	1.4%	0.2 PP
	Pessimistic	(0.5)%	(6.1)%	(5.7) PP	(0.1)%	3.0%	3.1 PP	(0.1)%	0.7%	0.8 PP
Russia	Optimistic	3.1%	2.1%	(1.0) PP	3.1%	2.4%	(0.6) PP	2.8%	2.1%	(0.7) PP
	Base	1.6%	0.0%	(1.6) PP	1.3%	1.2%	(0.1) PP	1.3%	1.3%	0.0 PP
	Pessimistic	(1.3)%	(4.4)%	(3.1) PP	(2.2)%	(1.5)%	0.7 PP	(1.6)%	(0.5)%	1.1 PP
Poland	Optimistic	3.7%	(1.3)%	(4.9) PP	3.6%	3.4%	(0.2) PP	3.1%	2.2%	(0.9) PP
	Base	3.3%	(2.0)%	(5.3) PP	3.2%	3.0%	(0.2) PP	2.7%	1.9%	(0.8) PP
	Pessimistic	1.9%	(3.9)%	(5.8) PP	1.5%	1.9%	0.3 PP	1.3%	1.1%	(0.2) PP
Romania	Optimistic	4.2%	0.0%	(4.2) PP	3.5%	6.0%	2.5 PP	3.5%	3.5%	0.0 PP
	Base	3.0%	(2.5)%	(5.5) PP	2.0%	4.5%	2.5 PP	2.3%	2.5%	0.3 PP
	Pessimistic	0.1%	(6.2)%	(6.3) PP	(1.5)%	2.3%	3.7 PP	(0.6)%	1.0%	1.7 PP
Slovakia	Optimistic	3.6%	(3.2)%	(6.8) PP	4.4%	6.7%	2.3 PP	4.1%	3.6%	(0.5) PP
	Base	2.0%	(6.0)%	(8.0) PP	2.5%	5.0%	2.5 PP	2.5%	2.5%	0.0 PP
	Pessimistic	0.1%	(8.6)%	(8.7) PP	0.2%	3.5%	3.2 PP	0.6%	1.5%	0.9 PP
Croatia	Optimistic	3.4%	(2.9)%	(6.3) PP	2.9%	4.7%	1.8 PP	2.7%	3.2%	0.5 PP
	Base	2.5%	(4.8)%	(7.3) PP	1.8%	3.6%	1.8 PP	1.8%	2.5%	0.7 PP
	Pessimistic	0.0%	(8.2)%	(8.1) PP	(1.2)%	1.6%	2.8 PP	(0.7)%	1.1%	1.9 PP
Hungary	Optimistic	3.3%	(2.4)%	(5.7) PP	3.8%	5.7%	1.9 PP	4.1%	4.0%	0.0 PP
	Base	2.8%	(3.5)%	(6.3) PP	3.2%	5.0%	1.8 PP	3.6%	3.6%	0.0 PP
	Pessimistic	0.2%	(7.0)%	(7.2) PP	0.1%	2.9%	2.8 PP	1.0%	2.2%	1.2 PP
Bulgaria	Optimistic	3.6%	(2.0)%	(5.7) PP	4.2%	4.6%	0.4 PP	3.6%	3.7%	0.1 PP
	Base	2.5%	(3.9)%	(6.4) PP	2.9%	3.5%	0.6 PP	2.5%	3.0%	0.5 PP
	Pessimistic	0.7%	(6.5)%	(7.1) PP	0.7%	2.0%	1.2 PP	0.7%	2.0%	1.3 PP

Unemployment		Full-Year 2020f			Full-Year 2021f			Full-Year 2022f		
	Scenario	Q4 2019	Q1 2020	Change	Q4 2019	Q1 2020	Change	Q4 2019	Q1 2020	Change
Austria	Optimistic	4.5%	4.6%	0.0 PP	4.5%	4.5%	0.1 PP	4.9%	5.0%	0.1 PP
	Base	4.8%	5.0%	0.2 PP	4.8%	4.8%	0.0 PP	5.2%	5.2%	0.0 PP
	Pessimistic	5.4%	5.9%	0.5 PP	5.6%	5.3%	(0.2) PP	5.8%	5.6%	(0.3) PP
Russia	Optimistic	3.5%	2.9%	(0.6) PP	3.2%	3.6%	0.4 PP	3.4%	3.9%	0.5 PP
	Base	4.7%	4.7%	0.0 PP	4.7%	4.7%	0.0 PP	4.6%	4.6%	0.0 PP
	Pessimistic	6.2%	7.0%	0.8 PP	6.5%	6.1%	(0.4) PP	6.1%	5.5%	(0.6) PP
Poland	Optimistic	4.0%	3.7%	(0.4) PP	4.3%	5.0%	0.7 PP	4.8%	5.4%	0.6 PP
	Base	5.7%	6.3%	0.6 PP	6.3%	6.6%	0.3 PP	6.5%	6.5%	0.0 PP
	Pessimistic	9.2%	11.4%	2.2 PP	10.5%	9.6%	(0.9) PP	10.0%	8.5%	(1.5) PP
Romania	Optimistic	3.5%	3.6%	0.1 PP	3.9%	5.0%	1.0 PP	4.8%	5.3%	0.5 PP
	Base	4.1%	4.5%	0.4 PP	4.6%	5.5%	0.9 PP	5.3%	5.6%	0.3 PP
	Pessimistic	5.3%	6.3%	1.0 PP	6.1%	6.6%	0.5 PP	6.6%	6.3%	(0.3) PP
Slovakia	Optimistic	2.7%	3.3%	0.5 PP	2.2%	3.7%	1.5 PP	2.2%	4.2%	2.0 PP
	Base	5.1%	7.0%	1.9 PP	5.0%	6.0%	1.0 PP	4.5%	5.7%	1.2 PP
	Pessimistic	8.3%	11.6%	3.3 PP	8.9%	8.8%	(0.2) PP	7.8%	7.5%	(0.3) PP
Croatia	Optimistic	5.5%	5.0%	(0.5) PP	5.0%	5.3%	0.3 PP	5.6%	4.9%	(0.7) PP
	Base	6.6%	7.2%	0.6 PP	6.3%	6.6%	0.3 PP	6.7%	5.8%	(0.9) PP
	Pessimistic	9.9%	11.5%	1.7 PP	10.2%	9.2%	(1.0) PP	10.0%	7.5%	(2.4) PP
Hungary	Optimistic	2.8%	4.0%	1.2 PP	2.7%	3.6%	0.8 PP	2.7%	3.1%	0.4 PP
	Base	3.6%	5.4%	1.8 PP	3.7%	4.4%	0.7 PP	3.5%	3.7%	0.2 PP
	Pessimistic	5.7%	8.3%	2.6 PP	6.2%	6.1%	(0.1) PP	5.6%	4.9%	(0.7) PP
Bulgaria	Optimistic	2.7%	1.7%	(1.1) PP	2.7%	3.0%	0.3 PP	4.2%	3.3%	(0.9) PP
	Base	5.5%	5.9%	0.4 PP	6.0%	5.5%	(0.5) PP	7.0%	5.0%	(2.0) PP
	Pessimistic	9.2%	11.3%	2.1 PP	10.4%	8.7%	(1.7) PP	10.7%	7.2%	(3.6) PP

Lifetime bond rate		Full-Year 2020f			Full-Year 2021f			Full-Year 2022f		
	Scenario	Q4 2019	Q1 2020	Change	Q4 2019	Q1 2020	Change	Q4 2019	Q1 2020	Change
Austria	Optimistic	(1.0)%	(0.5)%	0.5 PP	(0.7)%	(0.2)%	0.5 PP	0.1%	0.5%	0.4 PP
	Base	(0.4)%	0.2%	0.6 PP	0.1%	0.2%	0.1 PP	0.8%	0.8%	0.0 PP
	Pessimistic	1.6%	3.1%	1.6 PP	2.4%	2.0%	(0.4) PP	2.7%	1.9%	(0.8) PP
Russia	Optimistic	5.8%	4.6%	(1.1) PP	5.7%	5.9%	0.2 PP	6.1%	5.1%	(1.0) PP
	Base	6.9%	6.2%	(0.7) PP	7.0%	6.8%	(0.2) PP	7.3%	5.7%	(1.5) PP
	Pessimistic	9.4%	10.1%	0.7 PP	10.0%	9.1%	(0.9) PP	9.7%	7.3%	(2.5) PP
Poland	Optimistic	1.5%	1.4%	(0.1) PP	1.7%	1.7%	0.0 PP	2.1%	2.2%	0.1 PP
	Base	2.2%	2.0%	(0.2) PP	2.5%	2.1%	(0.4) PP	2.8%	2.5%	(0.4) PP
	Pessimistic	3.7%	4.7%	1.0 PP	4.4%	3.7%	(0.7) PP	4.4%	3.5%	(0.8) PP
Romania	Optimistic	2.8%	2.5%	(0.4) PP	2.7%	3.4%	0.7 PP	2.9%	3.8%	1.0 PP
	Base	4.3%	4.7%	0.3 PP	4.5%	4.7%	0.2 PP	4.3%	4.7%	0.4 PP
	Pessimistic	5.3%	6.2%	0.9 PP	5.7%	5.6%	(0.1) PP	5.3%	5.3%	0.0 PP
Slovakia	Optimistic	(0.8)%	(0.7)%	0.2 PP	(0.5)%	(0.1)%	0.4 PP	0.3%	0.0%	(0.2) PP
	Base	(0.1)%	0.0%	0.2 PP	0.3%	0.3%	0.0 PP	1.0%	0.3%	(0.7) PP
	Pessimistic	1.7%	3.1%	1.4 PP	2.5%	2.2%	(0.3) PP	2.8%	1.6%	(1.2) PP
Croatia	Optimistic	0.0%	0.8%	0.8 PP	0.0%	0.9%	0.8 PP	0.7%	1.0%	0.3 PP
	Base	0.4%	1.1%	0.7 PP	0.6%	1.0%	0.5 PP	1.1%	1.1%	0.0 PP
	Pessimistic	2.2%	4.1%	1.9 PP	2.7%	2.8%	0.1 PP	2.9%	2.3%	(0.6) PP
Hungary	Optimistic	1.9%	2.0%	0.1 PP	1.8%	2.2%	0.4 PP	2.3%	2.5%	0.2 PP
	Base	2.6%	2.7%	0.1 PP	2.7%	2.7%	0.0 PP	3.0%	2.8%	(0.2) PP
	Pessimistic	5.1%	6.7%	1.6 PP	5.6%	5.1%	(0.5) PP	5.5%	4.4%	(1.1) PP
Bulgaria	Optimistic	0.1%	(0.5)%	(0.7) PP	0.4%	0.2%	(0.3) PP	0.5%	0.7%	0.1 PP
	Base	0.7%	0.0%	(0.7) PP	1.1%	0.5%	(0.6) PP	1.1%	0.9%	(0.2) PP
	Pessimistic	2.9%	3.6%	0.7 PP	3.8%	2.7%	(1.1) PP	3.3%	2.4%	(1.0) PP

Real estate prices		Full-Year 2020f			Full-Year 2021f			Full-Year 2022f		
	Scenario	Q4 2019	Q1 2020	Change	Q4 2019	Q1 2020	Change	Q4 2019	Q1 2020	Change
Austria	Optimistic	5.3%	3.1%	(2.2) PP	5.2%	2.7%	(2.5) PP	4.3%	2.0%	(2.3) PP
	Base	2.2%	1.0%	(1.2) PP	1.4%	1.4%	0.0 PP	1.2%	1.2%	0.0 PP
	Pessimistic	(0.9)%	(0.9)%	0.1 PP	(2.4)%	0.3%	2.6 PP	(1.9)%	0.4%	2.4 PP
Russia	Optimistic	7.8%	7.4%	(0.4) PP	7.9%	6.8%	(1.1) PP	5.4%	4.0%	(1.5) PP
	Base	4.2%	2.0%	(2.2) PP	3.5%	3.5%	0.0 PP	1.8%	1.8%	0.0 PP
	Pessimistic	0.6%	(3.4)%	(4.0) PP	(0.9)%	0.2%	1.1 PP	(1.8)%	(0.4)%	1.5 PP
Poland	Optimistic	6.0%	4.3%	(1.7) PP	5.5%	2.9%	(2.7) PP	4.9%	2.4%	(2.5) PP
	Base	2.6%	2.0%	(0.6) PP	1.5%	1.5%	0.0 PP	1.5%	1.5%	0.0 PP
	Pessimistic	(0.8)%	0.0%	0.7 PP	(2.5)%	0.3%	2.8 PP	(1.9)%	0.7%	2.6 PP
Romania	Optimistic	6.4%	5.2%	(1.2) PP	6.5%	5.3%	(1.2) PP	5.5%	4.1%	(1.4) PP
	Base	3.3%	1.0%	(2.3) PP	2.8%	2.8%	0.0 PP	2.4%	2.4%	0.0 PP
	Pessimistic	0.2%	(2.7)%	(2.9) PP	(0.9)%	0.6%	1.5 PP	(0.7)%	0.9%	1.6 PP
Slovakia	Optimistic	7.0%	9.0%	2.0 PP	6.8%	7.4%	0.6 PP	5.8%	5.4%	(0.4) PP
	Base	3.0%	0.0%	(3.0) PP	2.0%	2.0%	0.0 PP	1.8%	1.8%	0.0 PP
	Pessimistic	(2.3)%	(8.0)%	(5.7) PP	(4.4)%	(2.8)%	1.6 PP	(3.5)%	(1.4)%	2.1 PP
Croatia	Optimistic	14.0%	7.3%	(6.7) PP	13.5%	7.4%	(6.2) PP	9.5%	3.8%	(5.7) PP
	Base	6.2%	2.0%	(4.2) PP	4.2%	4.2%	0.0 PP	1.7%	1.7%	0.0 PP
	Pessimistic	(1.6)%	(2.7)%	(1.1) PP	(5.1)%	1.4%	6.5 PP	(6.1)%	(0.2)%	5.9 PP
Hungary	Optimistic	7.5%	6.1%	(1.4) PP	8.0%	6.6%	(1.5) PP	6.7%	4.9%	(1.7) PP
	Base	3.7%	1.0%	(2.7) PP	3.5%	3.5%	0.0 PP	2.9%	2.9%	0.0 PP
	Pessimistic	(0.1)%	(3.5)%	(3.5) PP	(1.0)%	0.8%	1.8 PP	(0.9)%	1.1%	2.0 PP
Bulgaria	Optimistic	9.1%	9.7%	0.7 PP	9.5%	10.0%	0.6 PP	6.6%	6.2%	(0.4) PP
	Base	5.2%	1.0%	(4.2) PP	4.8%	4.8%	0.0 PP	2.7%	2.7%	0.0 PP
	Pessimistic	1.3%	(6.8)%	(8.1) PP	0.1%	0.1%	0.0 PP	(1.2)%	(0.4)%	0.8 PP

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.

Post-model adjustments

Post-model adjustments to expected credit loss allowance estimates are adjustments which are used in circumstances where existing inputs, assumptions and model techniques do not capture all relevant risk factors. Existing inputs, assumptions and model techniques might not capture all relevant risk factors due to transient circumstances, insufficient time to appropriately incorporate relevant new information into the rating or re-segmentation of portfolios and when individual lending exposures within a group of lending exposures react to factors or events differently than initially expected. The emergence of new macroeconomic, microeconomic or political events, along with expected changes to parameters, models or data that are not incorporated in current parameters, internal risk rating migrations or forward-looking information are examples of such circumstances. In general RBI Group units use post-model adjustments to allowances for expected credit losses only as an interim solution. In order to reduce the potential for bias post-model adjustments are of a temporary nature and in general valid for no longer than one to two years. All material adjustments are authorized by the Group Risk Committee (GRM). From an accounting point of view all post-model adjustments are based on collective assessment, but do not necessarily result in a change in expected credit losses within the same stage.

Due to the complexity of the expected credit loss calculation, and the dependency of variables on one another, it is difficult to fully isolate individual post-model adjustment amounts. As a result of this the table below represents a best estimate of the amounts of post-model adjustments on accumulated impairment for expected credit losses in Stage 1 and 2 (balance sheet items and off-balance sheet items).

31/3/2020	Modelled ECL	Post-model adjustments						Total
in € million		COVID-19 related		Non COVID-19 related		Total		
Central banks	0	0	0.0%	0	0.0%	0	0.0%	0
General governments	5	0	(0.4)%	2	30.9%	2	30.5%	7
Banks	1	0	0.0%	0	0.0%	0	0.0%	1
Other financial corporations	22	0	0.8%	0	0.0%	0	0.8%	22
Non-financial corporations	244	29	11.9%	52	21.4%	81	33.3%	326
Households	274	39	14.2%	35	12.6%	74	26.9%	347
Total	**547**	**68**	**12.5%**	**89**	**16.2%**	**157**	**28.7%**	**704**

The post-model adjustments result in additional Stage 1 and 2 provisions of € 157 million (31/12/2019: € 93 million) of which € 68 million are COVID-19 related. The COVID-19 related post-model adjustments come from the collective impact on the tourism and related industries as well as automobile, oil and gas and some consumer goods industries especially in Romania, Austria, Slovakia, Russia, Bulgaria and Serbia as a result of the demand shock, supply chain disruptions and the containment measures. The adjustments are necessary as models do not fully capture the speed of change and the depth of the economic impact of the virus making it impossible to perform a single name analysis across entire portfolios in a timely manner. Furthermore, the models used for the calculation of expected credit losses for households were found to not properly account for the V-shaped forecasts especially in Bulgaria, Belarus and Croatia and as a result adjustments were made. The majority of non-COVID-19 post-model adjustments relate to higher expected credit losses on Russian corporate exposures for covering possible losses related to potential future sanctions. It also includes slightly higher expected defaults on mortgage loans due to government-imposed interest rate clauses for retail customers in the Czech Republic and foreign-currency lending to retail customers due to consumer protection initiatives in Romania. In the reporting year, further model adjustments were made for Croatia as a result of changed market expectations regarding the debt-to-income ratio.

(37) Credit risk volume by stages

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:

31/3/2020	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	5,353	4	0	0	0	0	0.0%	0.0%	–
General governments	7,668	817	2	(3)	(2)	(2)	0.0%	0.2%	98.4%
Banks	5,245	197	4	0	0	(4)	0.0%	0.1%	100.0%
Other financial corporations	9,252	1,585	64	(8)	(12)	(33)	0.1%	0.7%	51.4%
Non-financial corporations	32,416	14,060	1,678	(85)	(173)	(1,004)	0.3%	1.2%	59.8%
Households	25,964	7,477	1,058	(76)	(257)	(740)	0.3%	3.4%	70.0%
hereof mortgage	13,097	4,243	407	(15)	(115)	(259)	0.1%	2.7%	63.7%
Total	**85,899**	**24,140**	**2,805**	**(172)**	**(443)**	**(1,783)**	**0.2%**	**1.8%**	**63.5%**

31/12/2019	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	6,095	4	0	0	0	0	0.0%	0.0%	–
General governments	7,229	419	2	(2)	(2)	(2)	0.0%	0.5%	98.6%
Banks	5,873	57	4	0	0	(4)	0.0%	0.1%	100.0%
Other financial corporations	9,324	1,009	64	(7)	(7)	(33)	0.1%	0.7%	51.3%
Non-financial corporations	40,319	4,827	1,700	(87)	(99)	(996)	0.2%	2.1%	58.6%
Households	28,400	6,188	1,094	(86)	(233)	(763)	0.3%	3.8%	69.8%
hereof mortgage	13,984	3,823	437	(17)	(109)	(276)	0.1%	2.8%	63.3%
Total	**97,240**	**12,504**	**2,864**	**(183)**	**(342)**	**(1,798)**	**0.2%**	**2.7%**	**62.8%**

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:

31/3/2020	Nominal amount			Provisions for off-balance sheet items according 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	2	0	0	0	0	0	0.2%	0.4%	–
General governments	357	35	0	0	0	0	–	0.6%	–
Banks	2,312	248	2	0	0	0	–	0.1%	–
Other financial corporations	2,646	1,698	11	(2)	(1)	(1)	0.1%	–	4.7%
Non-financial corporations	19,147	12,031	208	(28)	(40)	(51)	0.1%	0.3%	24.4%
Households	3,543	1,094	8	(7)	(8)	(6)	0.2%	0.8%	76.1%
Total	**28,008**	**15,105**	**230**	**(37)**	**(49)**	**(58)**	**0.1%**	**0.3%**	**25.1%**

31/12/2019	Nominal amount			Provisions for off-balance sheet items according 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	369	18	0	0	0	0	0.0%	1.6%	–
Banks	3,071	8	0	0	0	0	0.0%	0.1%	–
Other financial corporations	4,068	215	9	(4)	(1)	(1)	0.1%	0.3%	6.5%
Non-financial corporations	31,235	2,262	307	(32)	(25)	(79)	0.1%	1.1%	25.8%
Households	3,769	1,003	10	(7)	(5)	(7)	0.2%	0.5%	70.5%
Total	**42,511**	**3,505**	**326**	**(44)**	**(30)**	**(87)**	**0.1%**	**0.9%**	**26.6%**

The following table shows the gross carrying amount and impairment of the financial assets – amortized cost and financial assets – fair value through other comprehensive income that have moved in the reporting period from expected twelve-month losses (Stage 1) to expected lifetime losses (Stages 2 and 3) or vice versa:

31/3/2020	**Gross carrying amount**		**Impairment**		**ECL Coverage Ratio**	
in € million	**12 month ECL**	**Lifetime ECL**	**12 month ECL**	**Lifetime ECL**	**12 month ECL**	**Lifetime ECL**
Movement from 12 month ECL to lifetime ECL	**(11,361)**	**11,361**	**(39)**	**174**	**0.3%**	**1.5%**
Central banks	0	0	0	0	-	-
General governments	(99)	99	0	0	0.0%	0.0%
Banks	(91)	91	0	0	0.0%	0.2%
Other financial corporations	(580)	580	(1)	4	0.1%	0.8%
Non-financial corporations	(7,491)	7,491	(21)	70	0.3%	0.9%
Households	(3,100)	3,100	(17)	99	0.6%	3.2%
Movement from lifetime ECL to 12 month ECL	**1,867**	**(1,867)**	**12**	**(47)**	**0.6%**	**2.5%**
Central banks	0	0	0	0	-	-
General governments	112	(112)	0	0	0.0%	0.0%
Banks	67	(67)	0	0	0.0%	0.0%
Other financial corporations	35	(35)	0	0	0.2%	0.5%
Non-financial corporations	302	(302)	2	(7)	0.8%	2.3%
Households	1,351	(1,351)	10	(40)	0.7%	3.0%

The increase in expected credit losses in the first quarter of 2020 arising from the movement from 12 month ECL to lifetime ECL was € 136 million (1/1-31/12/2019: € 270 million). The decrease in expected credit losses in the first quarter of 2020 arising from the movement from lifetime ECL to 12 month ECL was € 35 million (1/1-31/12/2019: € 102 million).

Under IFRS 9, issuers must assess at each reporting date whether the credit risk on a financial instrument has significantly increased since initial recognition. In response to the spread of COVID-19 on world markets, national governments have taken and continue to take a wide range of measures to prevent transmission of the virus and have decided economic support and assistance measures for households and businesses in order to surmount the economic impacts of the outbreak. These assistance measures include payment holidays on loans, overdrafts and mortgages, loan guarantees and other forms of support for individual businesses or specific industries. For the purposes of assessment, it is not automatically assumed that these measures result in a significant increase in credit risk as the existing criteria are considered robust as indicators of a significant increase in credit risk. In addition, the rebuttable presumption of 30 days past due has not been rebutted. The existing criteria for assessment are set out in the 2019 Annual Report.

31/12/2019	Gross carrying amount		Impairment		ECL Coverage Ratio	
in € million	12 month ECL	Lifetime ECL	12 month ECL	Lifetime ECL	12 month ECL	Lifetime ECL
Movement from 12 month ECL to lifetime ECL	**(4,454)**	**4,454**	**(32)**	**301**	**0.7%**	**6.8%**
Central banks	0	0	0	0	-	-
General governments	(86)	86	0	2	0.4%	2.4%
Banks	(10)	10	0	0	0.0%	0.0%
Other financial corporations	(138)	138	0	1	0.0%	0.5%
Non-financial corporations	(1,690)	1,690	(8)	66	0.4%	3.9%
Households	(2,530)	2,530	(24)	232	0.9%	9.2%
Movement from lifetime ECL to 12 month ECL	**3,249**	**(3,249)**	**44**	**(146)**	**1.3%**	**4.5%**
Central banks	0	0	0	0	-	-
General governments	175	(175)	0	0	0.0%	0.1%
Banks	159	(159)	0	0	0.0%	0.0%
Other financial corporations	206	(206)	0	0	0.0%	0.2%
Non-financial corporations	1,095	(1,095)	8	(27)	0.8%	2.5%
Households	1,613	(1,613)	35	(118)	2.2%	7.3%

(38) Development of impairments

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 1/1/2020	**184**	**343**	**1,798**	**2,325**
Increases due to origination and acquisition	23	14	11	47
Decreases due to derecognition	(7)	(12)	(52)	(71)
Changes due to change in credit risk (net)	(18)	113	114	209
Changes due to modifications without derecognition (net)	0	0	1	1
Decrease due to write-offs	0	0	(26)	(27)
Changes due to model/risk parameters	0	2	(3)	(2)
Non-current assets and disposal groups classified as held for sale	0	0	0	0
Change in consolidated group	0	0	0	0
Foreign exchange and other	(8)	(15)	(59)	(83)
As at 31/3/2020	**173**	**444**	**1,783**	**2,400**

The change in the reporting period amounted to € 75 million. It was largely due to net allocations for post-model adjustments on account of COVID-19 and adjustments to forward looking information (Stage 1 and Stage 2).

The impairments are mainly assignable to Stage 2 and Stage 3 and result from loans to non-financial corporations and households, primarily in Central and Southern Europe.

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 due to write-offs	0	0	(40)	(41)
Changes due to model/risk parameters	0	0	0	0
Non-current assets and disposal groups classified as held for sale	0	0	0	0
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**

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 1/1/2020	**44**	**30**	**87**	**161**
Increases due to origination and acquisition	9	3	2	14
Decreases due to derecognition	(3)	(1)	(12)	(17)
Changes due to change in credit risk (net)	(8)	19	(16)	(6)
Changes due to modifications without derecognition (net)	0	0	0	0
Decrease due to write-offs	0	0	0	0
Changes due to model/risk parameters	0	0	0	0
Change in consolidated group	0	0	0	0
Foreign exchange and other	(4)	(1)	(3)	(8)
As at 31/3/2020	**37**	**49**	**58**	**144**

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)
Changes due to modifications without derecognition (net)	0	0	0	0
Decrease due to write-offs	0	0	0	0
Changes due to model/risk parameters	0	0	0	0
Change in consolidated group	0	0	0	0
Foreign exchange and other	0	1	0	1
As at 31/3/2019	**34**	**28**	**50**	**113**

Impairments and provisions in accordance with IFRS 9 stages of impairment by asset classes:

31/3/2020 in € million	Stage 1 12 month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Loans and debt securities	**173**	**444**	**1,783**	**2,400**
Central banks	0	0	0	0
General governments	4	3	2	9
Banks	1	0	4	5
Other financial corporations	8	12	33	52
Non-financial corporations	85	173	1,004	1,262
Households	76	257	740	1,073
Loan commitments, financial guarantees and other commitments given	**37**	**49**	**58**	**144**
Total	**210**	**493**	**1,840**	**2,544**

Impairments in accordance with IFRS 9 stages of impairment by asset classes as at the reporting date of the previous year:

31/12/2019 in € million	Stage 1 12 month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Loans and debt securities	**184**	**343**	**1,798**	**2,325**
Central banks	0	0	0	0
General governments	3	3	2	8
Banks	0	0	4	4
Other financial corporations	7	7	33	47
Non-financial corporations	87	99	996	1,183
Households	86	233	763	1,082
Loan commitments, financial guarantees and other commitments given	**44**	**30**	**87**	**161**
Total	**228**	**373**	**1,885**	**2,485**

(39) Past due status

Overdue claims and bonds in the measurement categories amortized cost and fair value through other comprehensive income:

31/3/2020	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	6	0	0	34	0	0	0	0	0
Banks	0	0	0	0	0	0	0	0	0
Other financial corporations	27	0	0	17	0	0	0	0	0
Non-financial corporations	673	1	1	303	62	1	27	15	187
Households	362	14	0	512	109	3	32	37	137
Total	**1,068**	**15**	**2**	**865**	**171**	**4**	**59**	**53**	**325**

The assets more than 90 days past due shown in Stage 1 and Stage 2 resulted from loans and advances and debt securities viewed as immaterial under CRR 178 and thus still classified as performing exposure.

31/12/2019	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	0	0	0	2	0	0	0	0	0
Banks	0	0	0	0	0	0	0	0	0
Other financial corporations	4	0	0	0	0	0	0	0	0
Non-financial corporations	689	15	1	114	68	0	37	17	181
Households	380	7	0	405	83	2	37	35	147
Total	**1,072**	**22**	**1**	**521**	**152**	**3**	**73**	**53**	**329**

(40) Modified assets

Changes in contractual cashflows of financial assets are examined on the basis of qualitative and quantitative criteria to determine whether the modifications are substantial or non-substantial.

If the modifications are substantial, the existing asset is derecognized and a new financial instrument is recognized (including new classification and new stage allocation for impairment purposes). Non-substantial modifications do not lead to derecognition, but to an adjustment to the gross carrying amount through profit and loss.

The year to date change from minus € 2 million to minus € 10 million is mainly due to the introduction of COVID-19 measures in a number of countries – primarily Hungary and Romania – which had already taken place by the end of March 2020. Because interest unpaid due to payment holidays permitted under the legislative measures is not allowed to result in compound interest, the carrying amount of the affected loans has been reduced, and this led to net modification losses.

31/3/2020 in € million	Stage 1	Stage 2	Stage 3	Total
Net modifications gains/losses	(7)	(3)	0	**(10)**
Gross carrying amount before modifications of financial assets	1,555	693	40	**2,288**
Gross carrying amount of modified assets, which moved to Stage 1 during the year	–	0	0	**0**

31/12/2019 in € million	Stage 1	Stage 2	Stage 3	Total
Net modifications gains/losses	(3)	0	1	**(2)**
Gross carrying amount before modifications of financial assets	1,832	171	52	**2,055**
Gross carrying amount of modified assets, which moved to Stage 1 during the year	–	21	0	**21**

(41) 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.

31/3/2020	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)	5,503	2,502	3,001	1,849	237	916
Repurchase, securities lending and similar agreements (legally enforceable)	9,717	0	9,717	9,574	0	143
Total	**15,221**	**2,502**	**12,719**	**11,423**	**237**	**1,059**

31/3/2020	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)	5,660	2,502	3,158	1,642	520	996
Reverse repurchase, securities lending and similar agreements (legally enforceable)	1,455	0	1,455	1,291	0	165
Total	**7,115**	**2,502**	**4,613**	**2,932**	**520**	**1,161**

31/12/2019	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)	3,040	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**

31/12/2019		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)	2,692	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**

(42) Transferred assets

Carrying amounts of financial assets which have been transferred but not derecognized:

31/3/2020	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	50	0	50	50	0	50
Non-trading financial assets - mandatorily fair value through profit/loss	0	0	0	0	0	0
Financial assets - designated fair value through profit/loss	0	0	0	0	0	0
Financial assets - fair value through other comprehensive income	130	0	130	119	0	119
Financial assets - amortized cost	639	0	639	643	0	643
Total	**819**	**0**	**819**	**812**	**0**	**812**

31/12/2019	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	87	0	87	85	0	85
Non-trading financial assets - mandatorily fair value through profit/loss	0	0	0	0	0	0
Financial assets - designated fair value through profit/loss	0	0	0	0	0	0
Financial assets - fair value through other comprehensive income	45	0	45	48	0	48
Financial assets - amortized cost	109	0	109	99	0	99
Total	**242**	**0**	**242**	**232**	**0**	**232**

(43) Assets pledged as collateral and received financial assets

Significant restrictions regarding the access or use of assets:

	31/3/2020		31/12/2019	
in € million	Pledged	Otherwise restricted with liabilities	Pledged	Otherwise restricted with liabilities
Financial assets - held for trading	78	0	129	0
Non-trading financial assets - mandatorily fair value through profit/loss	18	0	2	0
Financial assets - designated fair value through profit/loss	29	0	28	0
Financial assets - fair value through other comprehensive income	313	4	218	5
Financial assets - amortized cost	12,330	1,000	11,027	782
Total	**12,767**	**1,005**	**11,404**	**787**

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.

Securities and other financial assets accepted as collateral:

in € million	31/3/2020	31/12/2019
Securities and other financial assets accepted as collateral which can be sold or repledged	9,686	12,095
hereof which have been sold or repledged	2,050	2,365

(44) 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.

31/3/2020	Nominal amount	Fair values	
in € million		Positive	Negative
Trading book	**187,029**	**2,488**	**(2,793)**
Interest rate contracts	130,798	1,204	(1,026)
Equity contracts	4,744	126	(583)
Foreign exchange rate and gold contracts	49,016	1,149	(1,090)
Credit contracts	1,207	8	(7)
Commodities	81	1	(11)
Other	1,183	1	(77)
Banking book	**24,405**	**425**	**(314)**
Interest rate contracts	18,386	280	(207)
Foreign exchange rate and gold contracts	5,820	142	(102)
Credit contracts	199	3	(6)
Hedging instruments	**26,334**	**453**	**(340)**
Interest rate contracts	25,490	384	(339)
Foreign exchange rate and gold contracts	844	69	(1)
Total	**237,768**	**3,367**	**(3,448)**
OTC products	232,723	3,226	(3,302)
Products traded on stock exchange	2,376	128	(45)

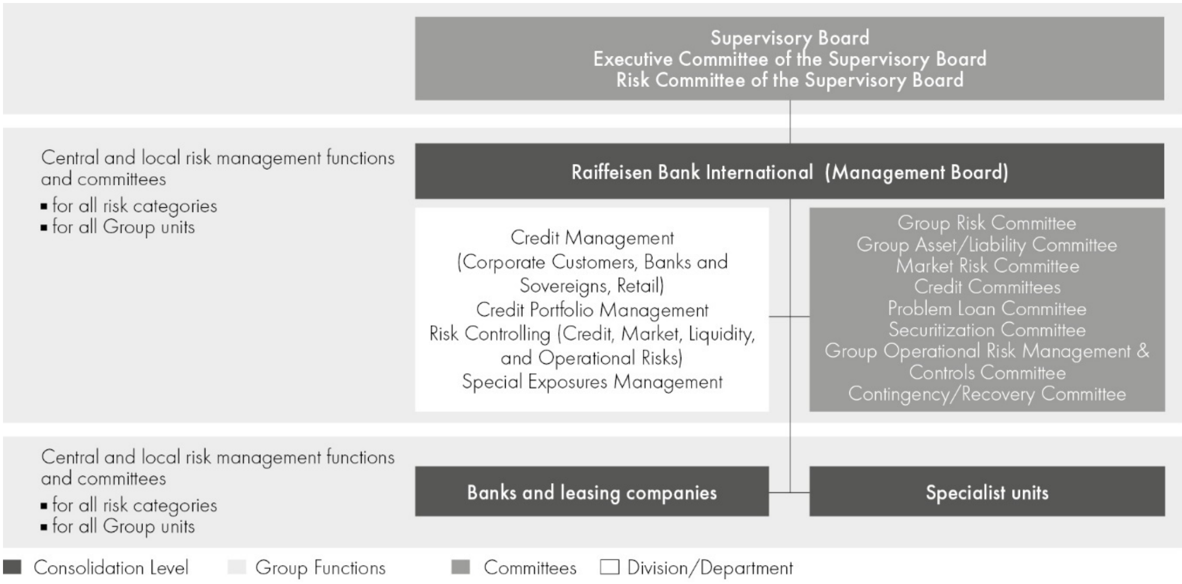
31/12/2019	Nominal amount	Fair values	
in € million		Positive	Negative
Trading book	**176,548**	**1,664**	**(1,655)**
Interest rate contracts	121,992	1,041	(874)
Equity contracts	5,121	180	(185)
Foreign exchange rate and gold contracts	47,327	431	(499)
Credit contracts	745	5	(11)
Commodities	105	5	0
Other	1,258	1	(86)
Banking book	**22,882**	**230**	**(279)**
Interest rate contracts	16,674	203	(186)
Equity contracts	0	0	0
Foreign exchange rate and gold contracts	6,030	27	(85)
Credit contracts	179	0	(7)
Hedging instruments	**26,647**	**402**	**(282)**
Interest rate contracts	26,111	394	(275)
Foreign exchange rate and gold contracts	536	8	(7)
Total	**226,077**	**2,297**	**(2,216)**
OTC products	220,664	2,258	(2,089)
Products traded on stock exchange	3,127	26	(23)

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 figures below refer to the regulatory scope of consolidation pursuant to CRR. In terms of risk, the companies in the IFRS scope of consolidation that are not included therein are covered by the participation risk.

The principles and organization of risk management are disclosed in the relevant sections of the 2019 Annual Report, pages 178 ff.

(45) Organization of risk management



Economic perspective – economic capital approach

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	31/3/2020	Share	31/12/2019	Share
Credit risk corporate customers	1,846	25.3%	1,749	24.8%
Credit risk retail customers	1,654	22.7%	1,751	24.8%
Market risk	840	11.5%	633	9.0%
Participation risk	649	8.9%	727	10.3%
Macroeconomic risk	557	7.6%	557	7.9%
Operational risk	455	6.2%	454	6.4%
FX risk capital position	335	4.6%	229	3.2%
Owned property risk	251	3.4%	252	3.6%
Credit risk sovereigns	204	2.8%	210	3.0%
Credit risk banks	143	2.0%	148	2.1%
CVA risk	15	0.2%	18	0.3%
Liquidity risk	0	0.0%	0	0.0%
Risk buffer	347	4.8%	336	4.8%
Total	**7,296**	**100.0%**	**7,065**	**100.0%**

The increase in market risk was largely due to heightened market volatility as a result of COVID-19.

Regional allocation of economic capital according to Group unit domicile:

in € million	31/3/2020	Share	31/12/2019	Share
Austria	2,915	39.9%	2,822	39.9%
Southeastern Europe	1,538	21.1%	1,436	20.3%
Eastern Europe	1,493	20.5%	1,489	21.1%
Central Europe	1,351	18.5%	1,318	18.7%
Rest of World	0	0.0%	0	0.0%
Total	**7,296**	**100.0%**	**7,065**	**100.0%**

The Group uses a confidence level of 99.90 per cent to calculate economic capital as of the end of 2019. In compliance with the ICAAP Directive published by the European Central Bank, the tier 2 capital will no longer be used to calculate the internal capital as of the end of 2019.

(46) 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 to the credit exposure (banking and trading book positions), 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) and differences in the classifications and presentation of exposure volumes.

in € million	31/3/2020	31/12/2019
Cash, cash balances at central banks and other demand deposits	22,060	19,761
Financial assets - amortized cost	112,844	112,607
Financial assets - fair value through other comprehensive income	4,404	4,555
Non-trading financial assets - mandatorily at fair value through profit / loss	820	776
Financial assets - designated fair value through profit/loss	2,181	2,276
Financial assets - held for trading	4,832	4,182
Hedge accounting	611	397
Current tax assets	77	61
Deferred tax assets	143	144
Other assets	1,038	1,028
Loan commitments given	32,726	35,136
Financial guarantees given	7,654	7,909
Other commitments given	2,963	3,298
Disclosure differences	(1,818)	(3,046)
Credit exposure[1]	**190,534**	**189,084**

1 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 4 for corporates and banks and good credit standing A3 for sovereigns) 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. Tools are used to produce and validate ratings (e.g. business valuation tools, rating and default database).

Credit exposure by asset classes (rating models):

in € million	31/3/2020	31/12/2019
Corporate customers	83,167	81,952
Project finance	7,149	7,212
Retail customers	40,781	42,185
Banks	21,087	21,978
Sovereigns	38,350	35,757
Total	**190,534**	**189,084**

Credit portfolio – Corporate customers

The following table shows the 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		31/3/2020	Share	31/12/2019	Share
1	Minimal risk	6,224	7.5%	5,785	7.1%
2	Excellent credit standing	12,265	14.7%	11,877	14.5%
3	Very good credit standing	14,651	17.6%	13,834	16.9%
4	Good credit standing	13,773	16.6%	13,037	15.9%
5	Sound credit standing	15,832	19.0%	16,410	20.0%
6	Acceptable credit standing	13,916	16.7%	14,511	17.7%
7	Marginal credit standing	3,742	4.5%	3,853	4.7%
8	Weak credit standing/sub-standard	751	0.9%	766	0.9%
9	Very weak credit standing/doubtful	337	0.4%	316	0.4%
10	Default	1,429	1.7%	1,418	1.7%
NR	Not rated	246	0.3%	145	0.2%
Total		**83,167**	**100.0%**	**81,952**	**100.0%**

The credit exposure to corporate customers increased € 1,215 million to € 83,167 million compared to year-end 2019.

Credit exposure in the rating grades from good credit standing to minimal risk increased € 2,380 million, corresponding to a share of 56.4 per cent (31/12/2019: 54.4 per cent).

Rating grade 1 reported a € 439 million increase to € 6,224 million, mainly due to credit financing in Austria, Germany, Hungary, Romania and Slovakia. However, credit financing in Russia posted a decline, largely attributable to the depreciation of the Russian ruble. An increase in swap and repo business in Great Britain and Romania also had a positive impact on rating grade 1. The increase in rating grade 1 was offset by a decline in facility financing in the Czech Republic (largely attributable to the depreciation of the Czech koruna), Germany, Great Britain, Italy, Romania, Russia (largely due to the depreciation of the Russian ruble) and Slovakia. The € 388 million increase in rating grade 2 to € 12,265 million was attributable to credit financing in Austria and Hungary. The increase was offset by rating downgrades for individual customers from Austria and Great Britain to rating grade 3. A higher volume of repo transactions in Great Britain also led to a € 817 million increase in rating grade 3 to € 14,651 million. France, Austria, Switzerland, the Czech Republic, Germany, Great Britain, Hungary, Luxembourg, Poland, Romania and the USA posted an increase in credit financing, which was mainly responsible for the € 736 million increase in rating grade 4 to € 13,773 million. The increase was partly offset by a decline in facility financing in Italy, Romania and Russia (largely attributable to the depreciation of the Russian ruble). The € 578 million decline in rating grade 5 to € 15,832 million was primarily due to a decrease in facility financing in Austria, Germany and Great Britain. Russia and Ukraine also recorded declines in facility financing, largely due to the depreciation of the Russian ruble and Ukrainian hryvnia.

The United Arab Emirates, Belarus, the Czech Republic, Germany, Romania and Serbia were mainly responsible for the € 595 million decline in facility financing in rating grade 6 to € 13,916 million. Rating shifts for individual Czech, Hungarian and Russian customers combined with the depreciation of the Czech koruna, Hungarian forint and Russian ruble also had a negative impact on rating grade 6.

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		31/3/2020	Share	31/12/2019	Share
6.1	Excellent project risk profile – very low risk	4,349	60.8%	5,367	74.4%
6.2	Good project risk profile – low risk	2,324	32.5%	1,310	18.2%
6.3	Acceptable project risk profile – average risk	58	0.8%	91	1.3%
6.4	Poor project risk profile – high risk	71	1.0%	82	1.1%
6.5	Default	316	4.4%	351	4.9%
NR	Not rated	30	0.4%	11	0.2%
Total		**7,149**	**100.0%**	**7,212**	**100.0%**

Credit exposure to project finance declined € 63 million to € 7,149 million as at 31 March 2020. The main reason for the rating shift from rating grade 6.1 to 6.2 was the introduction of a new rating model, which mainly affected Czech, Hungarian, Polish, Romanian and Serbian customers. The rating shift was not due to rating downgrades. The depreciation of the Czech koruna, Hungarian forint and Polish zloty also had a negative impact.

At 93.3 per cent (31/12/2019: 92.6 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.

Breakdown by country of risk of the credit exposure for corporate customers and project finance structured by region, taking into account the guarantor:

in € million	31/3/2020	Share	31/12/2019	Share
Western Europe	22,879	25.3%	21,642	24.3%
Central Europe	19,253	21.3%	19,361	21.7%
Austria	17,796	19.7%	16,711	18.7%
Eastern Europe	14,108	15.6%	15,626	17.5%
Southeastern Europe	12,972	14.4%	12,819	14.4%
Asia	1,273	1.4%	1,122	1.3%
Other	2,036	2.3%	1,883	2.1%
Total	**90,317**	**100.0%**	**89,164**	**100.0%**

Credit exposure stood at € 90,317 million, € 1,153 million higher than at year-end 2019. The increase in Western Europe of € 1,237 million to € 22,879 million was due to credit financing and to repo business and swap transactions. Austria recorded a € 1,085 million increase to € 17,796 million as a result of credit financing and guarantees issued. The decrease in Eastern Europe of € 1,518 million to € 14,108 million was mainly due to the depreciation of the Belarusian ruble, Russian ruble and Ukrainian hryvnia in addition to a decline in facility financing.

Credit exposure to corporates and project finance by industry of the original customer:

in € million	31/3/2020	Share	31/12/2019	Share
Manufacturing	22,302	24.7%	22,502	25.2%
Wholesale and retail trade	20,245	22.4%	20,083	22.5%
Financial intermediation	11,173	12.4%	9,775	11.0%
Real estate	10,213	11.3%	9,858	11.1%
Construction	5,616	6.2%	5,767	6.5%
Freelance/technical services	2,007	2.2%	2,047	2.3%
Transport, storage and communication	3,499	3.9%	3,602	4.0%
Electricity, gas, steam and hot water supply	3,363	3.7%	3,441	3.9%
Other industries	11,898	13.2%	12,089	13.6%
Total	**90,317**	**100.0%**	**89,164**	**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.

in € million	31/3/2020	Share	31/12/2019	Share
Retail customers – private individuals	37,775	92.6%	38,990	92.4%
Retail customers – small and medium-sized entities	3,006	7.4%	3,194	7.6%
Total	**40,781**	**100.0%**	**42,185**	**100.0%**

Credit exposure to retail customers according to internal rating:

in € million		31/3/2020	Share	31/12/2019	Share
0.5	Minimal risk	12,078	29.6%	12,314	29.2%
1.0	Excellent credit standing	6,720	16.5%	7,066	16.7%
1.5	Very good credit standing	5,520	13.5%	6,159	14.6%
2.0	Good credit standing	4,749	11.6%	4,891	11.6%
2.5	Sound credit standing	3,611	8.9%	3,287	7.8%
3.0	Acceptable credit standing	2,001	4.9%	1,789	4.2%
3.5	Marginal credit standing	932	2.3%	927	2.2%
4.0	Weak credit standing/sub-standard	433	1.1%	428	1.0%
4.5	Very weak credit standing/doubtful	434	1.1%	382	0.9%
5.0	Default	1,282	3.1%	1,353	3.2%
NR	Not rated	3,021	7.4%	3,588	8.5%
Total		**40,781**	**100.0%**	**42,185**	**100.0%**

The credit exposure to retail customers decreased € 1,403 million to € 40,781 million compared to year-end 2019. The depreciation of the Russian ruble and the Czech koruna were mainly responsible for this decline.

Credit exposure to retail customers by segments:

31/3/2020 in € million	Central Europe	Southeastern Europe	Eastern Europe	Group Corporates & Markets
Retail customers – private individuals	17,765	9,867	5,145	4,997
Retail customers – small and medium-sized entities	1,414	785	409	398
Total	**19,179**	**10,652**	**5,555**	**5,395**
hereof non-performing exposure	566	458	171	39

31/12/2019 in € million	Central Europe	Southeastern Europe	Eastern Europe	Group Corporates & Markets
Retail customers – private individuals	18,295	9,748	5,987	4,961
Retail customers – small and medium-sized entities	1,499	799	491	406
Total	**19,793**	**10,546**	**6,478**	**5,367**
hereof non-performing exposure	655	455	183	36

The declines in both Central Europe (decrease of € 614 million) and Eastern Europe (decrease of € 923 million) were attributable to the depreciation of currencies. This was primarily reflected by the decline in mortgage and personal loans. However, slight increases were recorded after currency adjustments.

Breakdown of retail credit exposure by products:

in € million	31/3/2020	Share	31/12/2019	Share
Mortgage loans	23,975	58.8%	24,502	58.1%
Personal loans	9,053	22.2%	9,627	22.8%
Credit cards	3,319	8.1%	3,566	8.5%
Overdraft	1,635	4.0%	1,676	4.0%
SME financing	2,294	5.6%	2,290	5.4%
Car loans	505	1.2%	524	1.2%
Total	**40,781**	**100.0%**	**42,185**	**100.0%**

Credit portfolio – Banks

The following table shows the 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		31/3/2020	Share	31/12/2019	Share
1	Minimal risk	3,824	18.1%	3,484	15.9%
2	Excellent credit standing	7,666	36.4%	7,723	35.1%
3	Very good credit standing	6,439	30.5%	7,742	35.2%
4	Good credit standing	1,530	7.3%	1,913	8.7%
5	Sound credit standing	1,157	5.5%	658	3.0%
6	Acceptable credit standing	309	1.5%	267	1.2%
7	Marginal credit standing	125	0.6%	165	0.8%
8	Weak credit standing/sub-standard	12	0.1%	9	0.0%
9	Very weak credit standing/doubtful	18	0.1%	2	0.0%
10	Default	4	0.0%	4	0.0%
NR	Not rated	3	0.0%	12	0.1%
Total		**21,087**	**100.0%**	**21,978**	**100.0%**

The credit exposure amounted to € 21,087 million. Compared to year-end 2019, this was a decrease of € 891 million.

Rating grade 1 increased € 340 million to € 3,824 million, primarily as a result of loans and advances in Austria and Luxembourg. Rating grade 3 decreased € 1,303 million to € 6,439 million due to repo business in France and Germany, the rating upgrade for a customer in Great Britain to rating grade 2 and the rating downgrade for a customer in Italy to rating grade 5. The decrease was partly offset by repo transactions in Belgium and an increase in loans and advances in France and Germany. The € 383 million decrease in rating grade 4 to € 1,530 million was attributable to repo business in Great Britain, although an increase in repo transactions in France and the Czech Republic partly offset the decline in rating grade 4. The rating downgrade for a customer in Italy from rating grade 2 was mainly responsible for the € 499 million increase in rating grade 5 to € 1,157 million.

Credit exposure to banks (excluding central banks) by products:

in € million	31/3/2020	Share	31/12/2019	Share
Loans and advances	5,874	27.9%	5,104	23.2%
Repo	5,090	24.1%	7,353	33.5%
Bonds	3,176	15.1%	3,497	15.9%
Derivatives	3,016	14.3%	2,466	11.2%
Money market	2,621	12.4%	2,149	9.8%
Other	1,310	6.2%	1,409	6.4%
Total	**21,087**	**100.0%**	**21,978**	**100.0%**

The decrease in repo business resulted from France, Germany, Great Britain and the depreciation of the Russian ruble. The increase in loans and advances was attributable to France, Austria, Germany and Luxembourg.

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 credit exposure to sovereigns (including central banks) by internal rating:

in € million		31/3/2020	Share	31/12/2019	Share
A1	Excellent credit standing	948	2.5%	898	2.5%
A2	Very good credit standing	17,277	45.1%	13,396	37.5%
A3	Good credit standing	7,552	19.7%	8,302	23.2%
B1	Sound credit standing	648	1.7%	532	1.5%
B2	Average credit standing	9,074	23.7%	7,826	21.9%
B3	Mediocre credit standing	1,008	2.6%	2,733	7.6%
B4	Weak credit standing	647	1.7%	665	1.9%
B5	Very weak credit standing	1,186	3.1%	1,392	3.9%
C	Doubtful/high default risk	1	0.0%	3	0.0%
D	Default	2	0.0%	2	0.0%
NR	Not rated	9	0.0%	8	0.0%
Total		**38,350**	**100.0%**	**35,757**	**100.0%**

Compared to year-end 2019, the credit exposure to sovereigns rose € 2,593 million to € 38,350 million.

Rating grade A2 recorded an increase of € 3,881 million to € 17,277 million as a result of deposits at the Austrian National Bank, the Republic of Austria's bond portfolio and credit financing. Rating grade A3 recorded a decline of € 750 million to € 7,552 million due to repo and money market business in the Czech Republic (partly attributable to the depreciation of the Czech koruna) and the reduction in the minimum reserve of the National Bank of Slovakia. The decline was partly offset by an increase in the bond portfolio of the National Bank of Slovakia and the rating upgrade for a customer in Ireland. The rating upgrade for Hungary led to shifts from rating grade B3 to rating grade B2. The increase in rating grade B2 was partly offset by the reduction in the minimum reserve in Bulgaria and Croatia.

Credit exposure to sovereigns (including central banks) by products:

in € million	31/3/2020	Share	31/12/2019	Share
Loans and advances	18,668	48.7%	16,089	45.0%
Bonds	14,981	39.1%	14,350	40.1%
Repo	3,174	8.3%	3,628	10.1%
Money market	1,311	3.4%	1,513	4.2%
Derivatives	116	0.3%	57	0.2%
Other	99	0.3%	121	0.3%
Total	**38,350**	**100.0%**	**35,757**	**100.0%**

Loans and advances recorded a € 2,579 million increase to € 18,668 million, mainly due to deposits at the Austrian National Bank. The increase was partly offset by reductions in the minimum reserve in Bulgaria, Croatia and Slovakia as well as the depreciation of the Russian ruble. Bonds recorded a € 631 million increase to € 14,981 million in Austria, Romania and Slovakia. The decrease in repo and money market transactions was largely attributable to the Czech Republic (partly due to the depreciation of the Czech koruna).

Non-investment grade credit exposure to sovereigns (rating B3 and below):

in € million	31/3/2020	Share	31/12/2019	Share
Serbia	798	28.0%	673	14.0%
Albania	618	21.7%	638	13.3%
Ukraine	610	21.4%	696	14.5%
Bosnia and Herzegovina	362	12.7%	396	8.2%
Romania	213	7.5%	213	4.4%
Belarus	164	5.7%	245	5.1%
Other	88	3.1%	84	1.7%
Total (current rating)	**2,851**	**100.0%**	**2,945**	**61.3%**
Released due to rating improvements	0	0.0%	1,857	38.7%
Total	**2,851**	**100.0%**	**4,802**	**100.0%**

A rating upgrade for Hungary resulted in a reclassification from rating grade B3 to rating grade B2. This led to a significant reduction in the non-investment grade credit exposure.

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.

Non-performing exposure (NPE)

Since November 2019 RBI has been fully operating under the new default definition aligned with the CRR and the latest EBA requirements (EBA/GL/2016/07). The new default definition leads to material changes in the IRB approach, forcing banks to adapt their models. These adjustments must be approved by the competent supervisory authorities before implementation (Delegated Regulation EU 529/2014). RBI is currently in the process of adjusting the models based on the new default definition and the first model change applications are scheduled to be sent to the supervisory authorities in 2020. Due to the recent COVID-19 outbreak, RBI is also implementing the latest EBA guideline (EBA/GL/2020/02) on legislative and non-legislative moratoriums for loan payments applied in light of the COVID-19 crisis. This should support the Group units in providing the necessary relief measures to borrowers and mitigate the potential impact on the volumes of non-performing exposures with restructuring measures, forborne and defaulted/non-performing exposures and the income statement.

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:

	NPE		NPE ratio		NPE coverage ratio	
in € million	31/3/2020	31/12/2019	31/3/2020	31/12/2019	31/3/2020	31/12/2019
General governments	2	2	0.1%	0.2%	98.6%	98.8%
Banks	4	4	0.0%	0.0%	100.0%	100.0%
Other financial corporations	56	56	0.4%	0.5%	58.7%	58.7%
Non-financial corporations	1,709	1,734	3.7%	3.9%	58.8%	57.4%
Households	1,073	1,141	3.1%	3.2%	69.0%	66.8%
Loans and advances	**2,844**	**2,938**	**2.3%**	**2.4%**	**62.7%**	**61.2%**
Bonds	**12**	**11**	**0.1%**	**0.1%**	**–**	**–**
Total	**2,855**	**2,949**	**2.0%**	**2.1%**	**62.4%**	**61.0%**

Development of non-performing exposure by asset classes (excluding items off the statement of financial position):

in € million	As at 1/1/2020	Exchange rate	Additions	Disposals	As at 31/3/2020
General governments	2	0	0	0	2
Banks	4	0	0	0	4
Other financial corporations	56	0	0	0	56
Non-financial corporations	1,734	(33)	210	(202)	1,709
Households	1,141	(50)	133	(151)	1,073
Loans and advances (NPL)	**2,938**	**(83)**	**342**	**(354)**	**2,844**
Bonds	**11**	**0**	**0**	**0**	**12**
Total (NPE)	**2,949**	**(83)**	**342**	**(354)**	**2,855**

in € million	As at 1/1/2019	Exchange rate	Additions	Disposals	As at 31/12/2019
General governments	2	0	0	0	2
Banks	8	0	0	(5)	4
Other financial corporations	81	(1)	33	(58)	56
Non-financial corporations	2,080	30	588	(963)	1,734
Households	1,228	33	559	(679)	1,141
Loans and advances (NPL)	**3,400**	**62**	**1,181**	**(1,704)**	**2,938**
Bonds	**9**	**0**	**11**	**(9)**	**11**
Total (NPE)	**3,409**	**62**	**1,192**	**(1,713)**	**2,949**

The volume of non-performing exposure fell € 94 million. In organic terms, the volume declined € 11 million. General currency movements led to an € 83 million reduction, primarily due to the depreciation of the Russian ruble and the Ukrainian hryvnia. Sales of non-performing loans worth € 27 million and the derecognition of commercially uncollectible loans in the amount of € 76 million were also recorded and mainly stemmed from Central Europe in the amount of € 58 million, Southeastern Europe and Eastern Europe in the amount of € 20 million each and RBI AG in the amount of € 6 million. The NPE ratio based on total exposure decreased 0.1 percentage points to 2.0 per cent and the NPE coverage ratio increased 1.5 percentage points to 62.4 per cent.

Since the start of the year, non-financial corporations recorded a decline of € 26 million to € 1,709 million, mainly due to sales in Eastern Europe in a total amount of € 14 million and in the Group Corporates & Markets segment in a total amount of € 5 million. The ratio of non-performing exposure to total credit exposure decreased 0.2 percentage points to 3.7 per cent, and the coverage ratio increased 1.3 percentage points to 58.8 per cent.

In the households portfolio, non-performing exposure declined € 68 million to € 1,073 million, mainly due to derecognitions in Central Europe in a total amount of € 54 million and in Southeastern Europe in a total amount of € 15 million. The ratio of the non-performing exposure to total credit exposure decreased 0.1 percentage points to 3.1 per cent and the NPE coverage ratio increased 2.1 percentage points to 69.0 per cent. In the other financial corporations portfolio, the non-performing exposure was almost unchanged compared to the beginning of the year at € 56 million and the NPE coverage ratio stood at 58.7 per cent.

Share of non-performing exposure (NPE) by segments (excluding items off the statement of financial position):

	NPE		NPE ratio		NPE coverage ratio	
in € million	31/3/2020	31/12/2019	31/3/2020	31/12/2019	31/3/2020	31/12/2019
Central Europe	885	989	2.2%	2.4%	62.8%	58.6%
Southeastern Europe	739	747	2.8%	3.0%	70.2%	69.9%
Eastern Europe	420	438	2.1%	2.0%	55.6%	60.0%
Group Corporates & Markets	807	771	1.7%	1.7%	58.6%	55.9%
Corporate Center	5	5	0.0%	0.0%	47.7%	47.0%
Total	**2,855**	**2,949**	**2.0%**	**2.1%**	**62.4%**	**61.0%**

In Central Europe, the non-performing exposure declined € 104 million to € 885 million, primarily due to derecognitions in Poland of € 41 million and the depreciation of currencies in the first quarter. The NPE ratio decreased 0.2 percentage points to 2.2 per cent, and the NPE coverage ratio increased 4.2 percentage points to 62.8 per cent.

In Southeastern Europe, non-performing exposure decreased € 8 million to € 739 million compared to the start of the year, mainly driven by derecognitions in the households segment in Romania of € 13 million. The NPE ratio fell 0.2 percentage points to 2.8 per cent, and the NPE coverage ratio increased 0.3 percentage points to 70.2 per cent.

The Eastern Europe segment reported a decrease in non-performing exposure of € 18 million to € 420 million due to a total decrease in Ukraine of € 27 million, primarily driven by the significant depreciation of the Ukrainian hryvnia and sales in the non-financial corporations segment of € 13 million. In Russia, non-performing exposure recorded an increase of € 10 million in total, mainly in the non-financial corporations segment in the amount of € 21 million, which was partly offset by the depreciation of the Russian ruble. The ratio of non-performing exposure to credit exposure in Eastern Europe increased 0.1 percentage points to 2.1 per cent, and the NPE coverage ratio decreased 4.3 percentage points to 55.6 per cent.

The non-performing exposure in the Group Corporates & Markets segment increased € 36 million compared to the beginning of the year to € 807 million. In the reporting period, the non-performing exposure at RBI AG rose € 17 million, while at Raiffeisen Leasing Group it increased € 14 million. The NPE ratio remained unchanged compared to the beginning of the year at 1.7 per cent and the NPE coverage ratio increased 2.7 percentage points to 58.6 per cent compared to the start of the year.

Non-performing exposure with restructuring measures:

	Refinancing		Instruments with modified time and modified conditions		Total	
in € million	31/3/2020	31/12/2019	31/3/2020	31/12/2019	31/3/2020	31/12/2019
General governments	0	0	0	0	0	0
Banks	0	0	0	0	0	0
Other financial corporations	7	7	28	28	35	35
Non-financial corporations	36	35	819	864	855	899
Households[1]	11	16	240	254	252	271
Total	**54**	**58**	**1,088**	**1,147**	**1,142**	**1,205**

1 Adaptation of previous-year figures

The portfolio with accompanying restructuring measures reduced further in the first quarter of 2020.

Non-performing exposure with restructuring measures by segments:

in € million	31/3/2020	Share	31/12/2019[1]	Share
Central Europe	262	22.9%	275	22.8%
Southeastern Europe	264	23.1%	271	22.5%
Eastern Europe	179	15.7%	213	17.7%
Group Corporates & Markets	437	38.3%	446	37.0%
Total	**1,142**	**100.0%**	**1,205**	**100.0%**

1 Adaptation of previous-year figures

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.

The regional breakdown of the exposures reflects the broad diversification of credit business in the Group's European markets.

Breakdown of credit exposure across all asset classes by the country of risk, grouped by regions:

in € million	31/3/2020	Share	31/12/2019	Share
Central Europe	**49,256**	**25.9%**	**50,670**	**26.8%**
Czech Republic	19,978	10.5%	21,539	11.4%
Slovakia	16,562	8.7%	16,672	8.8%
Hungary	7,769	4.1%	7,338	3.9%
Poland	4,610	2.4%	4,728	2.5%
Other	337	0.2%	393	0.2%
Austria	**43,420**	**22.8%**	**38,381**	**20.3%**
Other European Union	**34,267**	**18.0%**	**32,837**	**17.4%**
Germany	10,843	5.7%	10,454	5.5%
Great Britain	8,260	4.3%	8,192	4.3%
France	4,580	2.4%	4,191	2.2%
Luxembourg	2,590	1.4%	2,339	1.2%
Spain	1,926	1.0%	1,990	1.1%
Netherlands	1,511	0.8%	1,308	0.7%
Italy	1,225	0.6%	1,305	0.7%
Other	3,333	1.7%	3,058	1.6%
Southeastern Europe	**30,671**	**16.1%**	**30,497**	**16.1%**
Romania	11,938	6.3%	11,581	6.1%
Bulgaria	5,192	2.7%	5,247	2.8%
Croatia	5,133	2.7%	5,417	2.9%
Serbia	3,668	1.9%	3,503	1.9%
Bosnia and Herzegovina	2,257	1.2%	2,262	1.2%
Albania	1,577	0.8%	1,600	0.8%
Other	906	0.5%	887	0.5%

in € million	31/3/2020	Share	31/12/2019	Share
Eastern Europe	**23,823**	**12.5%**	**27,455**	**14.5%**
Russia	18,491	9.7%	21,425	11.3%
Ukraine	3,148	1.7%	3,612	1.9%
Belarus	1,957	1.0%	2,184	1.2%
Other	226	0.1%	235	0.1%
North America	**2,842**	**1.5%**	**2,740**	**1.4%**
Switzerland	**2,515**	**1.3%**	**2,691**	**1.4%**
Asia	**2,193**	**1.2%**	**2,269**	**1.2%**
Rest of World	**1,547**	**0.8%**	**1,543**	**0.8%**
Total	**190,534**	**100.0%**	**189,084**	**100.0%**

Credit exposure across all asset classes increased € 1,450 million to € 190,534 million compared to year-end 2019. The € 1.414 million decrease in Central Europe to € 49,256 million was mainly attributable to the depreciation of the Czech koruna, Hungarian forint and Polish zloty. Facility financing, money market and repo transactions also declined. Austria recorded a € 5,039 million increase to € 43,420 million as a result of deposits at the Austrian National Bank as well as credit and facility financing. The € 1,430 million increase in the rest of the European Union to € 34,267 million was largely attributable to deposits and credit financing in France, Germany and Luxembourg. Foreign exchange and money market transactions in France and credit financing in the Netherlands also increased. The increase was partly offset by a decline in repo transactions in France and Germany. The decline in Russia was mainly responsible for the € 3,632 million decrease to € 23,823 million in Eastern Europe. In addition to the depreciation of the Russian ruble, credit and facility financing declined in tandem with repo transactions. The decrease in Eastern Europe was also exacerbated by the depreciation of the Ukrainian hryvnia and the Belarusian ruble.

Credit exposure across all asset classes by currencies:

in € million	31/3/2020	Share	31/12/2019	Share
Euro (EUR)	107,406	56.4%	100,663	53.2%
US dollar (USD)	18,654	9.8%	18,008	9.5%
Czech koruna (CZK)	17,617	9.2%	19,376	10.2%
Russian ruble (RUB)	13,684	7.2%	17,261	9.1%
Romanian leu (RON)	7,607	4.0%	7,509	4.0%
Hungarian forint (HUF)	5,803	3.0%	5,805	3.1%
Bulgarian lev (BGN)	3,228	1.7%	3,256	1.7%
Swiss franc (CHF)	2,951	1.5%	2,917	1.5%
Croatian kuna (HRK)	2,851	1.5%	3,086	1.6%
Ukrainian hryvnia (UAH)	2,480	1.3%	2,806	1.5%
Bosnian marka (BAM)	2,246	1.2%	2,251	1.2%
Serbian dinar (RSD)	1,650	0.9%	1,549	0.8%
Albanian lek (ALL)	1,083	0.6%	1,121	0.6%
Belarusian ruble (BYN)	1,004	0.5%	1,179	0.6%
Other foreign currencies	2,269	1.2%	2,298	1.2%
Total	**190,534**	**100.0%**	**189,084**	**100.0%**

The increase in euro exposure of € 6,743 million to € 107,406 million was due to credit financing and deposits at the Austrian National Bank. The declines in the Czech koruna, Russian ruble, Ukrainian hryvnia and Belarusian ruble exposure were due to the depreciation of the respective currencies. The depreciation of the Hungarian forint was more than offset by the increase in repo business, the minimum reserve and the bond portfolio.

Group's credit exposure based on original customer's industry classification:

in € million	31/3/2020	Share	31/12/2019	Share
Banking and insurance	52,740	27.7%	50,884	26.9%
Private households	37,905	19.9%	39,134	20.7%
Public administration and defense and social insurance institutions	14,833	7.8%	13,771	7.3%
Wholesale trade and commission trade (except car trading)	14,464	7.6%	14,806	7.8%
Other manufacturing	16,686	8.8%	16,565	8.8%
Real estate activities	10,424	5.5%	10,183	5.4%
Construction	6,004	3.2%	6,169	3.3%
Other business activities	2,278	1.2%	2,313	1.2%
Retail trade except repair of motor vehicles	5,577	2.9%	5,099	2.7%
Electricity, gas, steam and hot water supply	3,640	1.9%	3,684	1.9%
Manufacture of basic metals	2,889	1.5%	2,788	1.5%
Other transport	1,740	0.9%	1,764	0.9%
Land transport, transport via pipelines	2,141	1.1%	2,233	1.2%
Manufacture of food products and beverages	2,127	1.1%	2,451	1.3%
Manufacture of machinery and equipment	1,863	1.0%	1,864	1.0%
Sale of motor vehicles	1,306	0.7%	1,301	0.7%
Extraction of crude petroleum and natural gas	1,006	0.5%	1,103	0.6%
Other industries	12,912	6.8%	12,971	6.9%
Total	**190,534**	**100.0%**	**189,084**	**100.0%**

(47) 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).

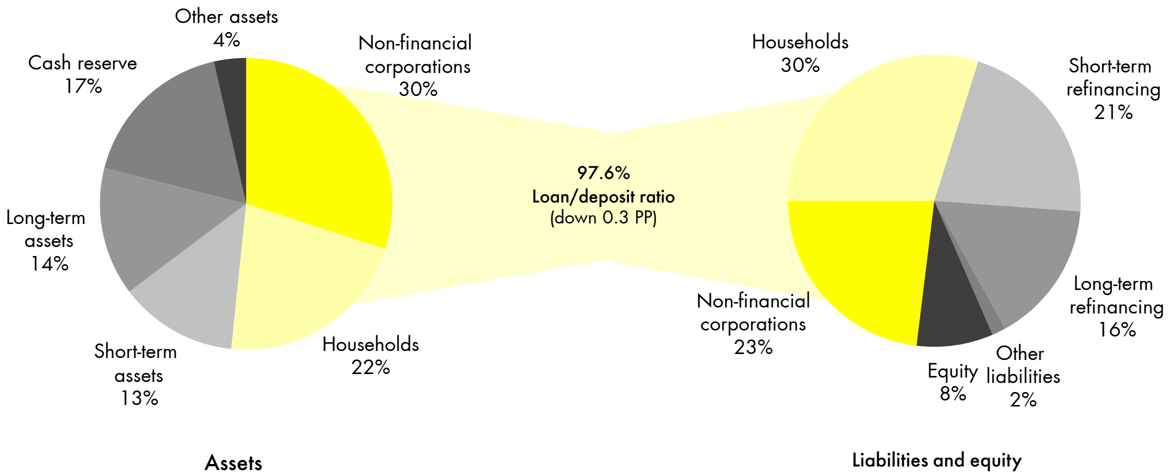
Total VaR 99% 1d in € million	VaR as at 31/3/2020	Average VaR	Minimum VaR	Maximum VaR	VaR as at 31/12/2019
Currency risk	38	18	8	38	9
Interest rate risk	74	31	13	77	20
Credit spread risk	105	42	21	109	22
Share price risk	1	0	0	1	0
Vega risk	2	1	0	2	0
Basis risk	15	5	3	15	3
Total	136	57	27	136	31

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. The rise in the VaR is largely attributable to the significant increase in credit spread risk in the financial sector as a result of COVID-19 and the heightened interest rate risk (mainly driven by the yield curve for the Russian ruble). The VaR was also impaired by the increased currency risk primarily stemming from the negative trend in the Russian ruble, Hungarian forint and Czech koruna.

(48) 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 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	31/3/2020		31/12/2019	
Maturity	1 month	1 year	1 month	1 year
Liquidity gap	23,425	26,498	23,374	27,931
Liquidity ratio	145%	125%	146%	128%

Liquidity coverage ratio (LCR)

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 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.

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	31/3/2020	31/12/2019
Average liquid assets	**31,005**	**29,168**
Net outflows	**22,234**	**20,777**
Inflows	11,718	12,079
Outflows	33,952	32,856
Liquidity Coverage Ratio	**139%**	**140%**

Both the net outflows and average liquid assets have increased. A higher volume of operational and non-operational deposits has largely contributed to the increase in outflows. Growth in average liquid assets is mainly attributable to RBI AG.

Net Stable Funding Ratio

The NSFR is defined as the ratio of available stable funding to required stable funding. The new regulatory requirements will come into force as of 28 June 2021 and the regulatory limit of 100 per cent must be met. 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.

in € million	31/3/2020	31/12/2019
Required stable funding	109,114	109,882
Available stable funding	121,280	122,986
Net Stable Funding Ratio	**111%**	**112%**

Other disclosures

(49) Pending legal issues

The RBI Group is involved in various legal, governmental or arbitration proceedings before various courts and governmental agencies mainly arising in the ordinary course of business and involving contractual, labor and other matters. There is also a tendency, particularly in the aftermaths of financial market and economic crisis, towards more aggressive behavior on the part of contracting parties in the context of legal or other disputes. This also applies to banks with whom an agreement could be reached in the past as well as to banks with whom RBI maintains business relationships in connection with syndicated loan facilities where it acts, inter alia, as co-manager or agent.

A provision is only recognized if there is a legal or constructive obligation as a result of a past event, payment is likely and the amount can be reliably estimated. A contingent liability that arises from a past event is disclosed unless payment is highly unlikely. A contingent asset that arises from a past event is reported if there is high probability of occurence. In no instance in the description that follows is an amount stated in which, in accordance with IAS 37, this would be severely detrimental. In some cases, provisions are measured on a portfolio basis because this results in the obligation being estimated with greater reliability. RBI has grouped its provisions, contingent assets and contingent liabilities under the headings of consumer protection, banking business, regulatory enforcement and tax litigation.

Consumer protection

RBI faces customer lawsuits in connection with consumer protection matters. Most claims relate to terms of contract that are alleged to breach consumer protection or other laws. The legal risk associated with such claims is heightened by the danger of politically motivated legislation that increases the degree of unpredictability.

Croatia

In Croatia, following litigation initiated by a Croatian consumer association against Raiffeisenbank Austria, d.d., Croatia (RBHR) and other Croatian banks, two contractual clauses used in consumer loan agreements between 2003/2004 and 2008 were declared null and void: an interest change clause and a CHF index clause. The decision on the interest adjustment clause cannot be challenged any more. The decision on the nullity of the CHF index clause was confirmed by the Croatian Supreme Court but was challenged by RBHR at the Croatian Constitutional Court. A final decision by this court may have an impact on the relevant CHF index clause. However, based on the decisions already rendered on the nullity of the interest change clause and/or the CHF index clause, borrowers – subject to the statute of limitations – are now already filing claims against RBHR. Given current legal uncertainties relating to the statute of limitations, the validity of the CHF index clause, the appropriate further procedures, the final outcome of the constitutional court challenge and the number of borrowers raising such claims, final quantification of the financial impact and the possible damage is not possible at this point of time as the final legal assessment of the loan agreement clauses has to be made in each individual case. As of the reporting date, 3,649 lawsuits had been filed against the bank. In this connection, the provision recognized on a portfolio basis was increased to € 28 million.

Poland

In Poland, a significant number of civil lawsuits are pending in relation to certain contractual stipulations connected with consumer mortgage loans denominated in or indexed to foreign currencies. In this connection, a Polish court requested the European Court of Justice (ECJ) for clarification whether certain clauses in these agreements breach European law and are unfair. The ECJ's preliminary ruling of 3 October 2019 does not answer whether the loan agreements are invalid in whole or part but merely gives interpretative guidance on the principles according to which the national courts must decide in each individual case. According to this, a loan agreement without unfair terms should remain valid provided that it is in conformity with national law. If a loan agreement cannot remain valid without the unfair term, the entire contract would have to be annulled. If the annulment of the entire contract triggers material negative consequences for the borrower, the Polish courts can replace the unfair term by a valid term in accordance with national law. The consequences of the contract being annulled must be carefully examined so that the borrower can consider all potential negative consequences of annulment. However, the consequences of canceling an annulled loan agreement remain unclear and may be serious for the borrower, for example due to the obligation to repay the loan immediately including the costs of using the loan amount. It remains to be seen how the principles developed by the ECJ will be applied under national law on a case-by-case basis.

The impact assessment in relation to affected loan agreements indexed to or denominated in a foreign currency may also be influenced by investigations initiated against RBI's Polish branch by the President of the Office of Competition and Consumer Protection (UOKiK). The object of the proceedings is certain standard clauses in foreign currency loan agreements and a related practice which allegedly may have been contrary to the collective interests of consumers.

As the lawsuits have been filed by a number of customers, the provision is based on a statistical approach that takes into account both static data, where relevant, and expert opinions. Possible decision scenarios have been estimated together with the expected loss rates per scenario. The expected impact is based on loans from customers who have filed or indicated that they will file a lawsuit against the bank. To calculate the financial impact per scenario, the claim amount is multiplied by the estimated financial outflow in the scenario and the probability that the bank will ultimately have to pay compensation to the customer. An appropriate discount rate is applied to outflows that are not expected to arise within one year. The financial impacts of the individual scenarios are weighted on the basis of expert opinions. The resulting provision has been increased to € 57 million.

Romania

In October 2017, the consumer protection authority (ANPC) has issued an order for the Issuer's Romanian network bank Raiffeisen Bank S.A., Bucharest, to stop its alleged practice of not informing its customers about future changes in the interest rate charged to the customers. The order does not imply any monetary restitution or payment from Raiffeisen Bank S.A., Bucharest. However, the possibility of any monetary restitution claims instigated by customers cannot be excluded. The Issuer's Romanian network bank Raiffeisen Bank S.A., Bucharest, has disputed this order, having also obtained a final stay of its enforcement pending a final solution. These proceedings are currently in the appeal phase, the first ruling on merits having been in favour of ANPC. Given current uncertainties, an exact quantification of the negative financial impact is not possible, however, the estimation of Raiffeisen Bank SA, Bucharest, based on the current known elements is that such impact is not expected to exceed € 20 million.

Banking business

RBI and its subsidiaries provide services for corporate customers that increase litigation risk at operating level. The most important cases are as follows:

Following the insolvency of Alpine Holding GmbH (Alpine) in 2013, a number of lawsuits were filed by retail investors in Austria against RBI and another bank in connection with a bond which had been issued by Alpine in 2012 in an aggregate principal amount of € 100 million. The claims against RBI, filed either directly, by investors or in a class action, amount to approximately € 10 million of value in dispute. Among other things, it is claimed that the banks acted as joint lead managers of the bond issue and were or at least should have been aware of the financial problems of Alpine at the time of the issue. Thus, they should have known that Alpine was not able to redeem the bonds as set forth in the terms and conditions of the bonds. It is alleged that the capital market prospectus in relation to the bond issue was misleading and incomplete and that the joint lead managers including RBI, which were also involved in the preparation of the prospectus, were aware of that fact.Legal action has been filed against Raiffeisen Zentralbank (prior to the merger with RBI in 2010) and Raiffeisen Investment AG (RIAG) in New York. The claimant alleged that RBI, in its capacity as universal successor to Raiffeisen Zentralbank, had unlawfully paid USD 150 thousand (€ 137 thousand) on a bid bond and that RIAG had been involved in a fraud committed by the Serbian privatization agency resulting in a damage in the range of USD 31 million to USD 52 million (€ 28 million to € 47 million). According to RBI's assessment the claim is unfounded and very unlikely to succeed. In February 2014, the action was dismissed, and the plaintiff filed a motion for reconsideration with the court which has been pending for several years. The case was assigned to a new judge in 2018 and is now again pending in New York. RBI's assessment of the claim remains unchanged.

RBI was served with a lawsuit by the Romanian Ministry of Traffic against RBI and Banca de Export Import a Romaniei Eximbank SA (EximBank) regarding payment of € 10 million in May 2017. According to the lawsuit, in the year 2013, RBI issued a letter of credit on the amount of € 10 million for the benefit of the Romanian Ministry of Traffic at the request of a Romanian customer of Romanian Network Bank Raiffeisen Bank S.A., Bucharest, which is indirectly owned by RBI. EximBank acted as advising bank of RBI in Romania. The Romanian Ministry of Traffic had sent a payment request under the mentioned letter of credit in March 2014 which had been denied by RBI as having been received after termination date thereof. In April 2018, the lawsuit was rejected as unfounded by the court of first instance, which was confirmed by the Bucharest Court of Appeal in October 2019.

In May 2017, a subsidiary of RBI was sued for an amount of approximately € 12 million in Austria for breach of warranties under a share purchase agreement relating to a real estate company. The claimant, i.e. the purchaser under the share purchase agreement, alleges the breach of a warranty. More precisely, it alleges the defendant warranted that the company sold under the share purchase agreement had not waived potential rental payment increases to which it may have been entitled.

In December 2016, a French company filed a lawsuit at the commercial court in Paris against Raiffeisen Bank Polska S.A. (RBPL), the former Polish subsidiary of RBI, and RBI. The French company claimed damages from both banks in the aggregate amount of € 15.3 million alleging that RBPL failed to comply with duties of care when opening an account for a certain customer and executing money transfers through this account, and that RBI acted as a correspondent bank in this context and failed to comply with duties of care when doing so. In the meantime, the lawsuit was withdrawn by the plaintiff for reasons of jurisdiction of court. In December 2017, a lawsuit of the same content as set out above was filed against RBPL and RBI at the commercial court in Warsaw. As regards the lawsuit against RBI, the commercial court in Warsaw declined jurisdiction in May 2019. The decision was appealed.

In June 2012, a client (the Slovak claimant) of Tatra banka, a.s. (Tatra banka) filed a petition for compensation of damage and lost profits in the amount of approximately € 71 million. The lawsuit is connected with certain credit facilities entered into between Tatra banka and the Slovak claimant. The Slovak claimant claims that Tatra banka breached its contractual obligations by refusing to execute payment orders from the Slovak claimant's accounts without cause and by not extending the maturity of facilities despite a previous promise to do so, which led to non-payment of the Slovak claimant's obligations towards its business partners and the termination of the Slovak claimant's business activities. In February 2016, the Slovak claimant filed a petition for increasing the claimed amount by € 50 million but the court refused this petition. A constitutional appeal was filed regarding this court's decision. The constitutional court refused this appeal and rejected the proposed increase of the claimed amount. In December 2017, Tatra banka was delivered a new claim amounting to € 50 million, based on the same grounds as the petition from February 2016. This new claim was joined to the original claim. Thus, the Slovak claimant in this lawsuit demanded compensation of damage and lost profits in the amount of approximately € 121 million. In February 2018, the first-instance court rejected the petition in full. The Slovak claimant, which by law is now the trustee in the Slovak claimant's bankruptcy proceedings, as the Slovak claimant has become bankrupt, launched an appeal against the rejection. In September 2018, the appellate court upheld the decision of the first-instance court and confirmed the rejection of the claim in full. In January 2019, the Slovak claimant filed an extraordinary appeal with the Supreme Court of the Slovak Republic but the extraordinary appeal was refused by the Supreme Court in April 2019. The Slovak claimant filed a constitutional appeal with respect to the Supreme Court ruling in July 2019. However, the constitutional court dismissed the appeal and the lawsuit has been closed.

Furthermore, a Cypriot company (the Cypriot claimant) filed a separate action for damages in the amount of approximately € 43.1 million. In January 2016, the Cypriot claimant filed a petition for increasing the claimed amount by € 84 million and the court approved this petition. It means that the total claimed amount in this lawsuit is approximately € 127 million. This lawsuit is related to the proceeding of the Slovak claimant above because the Cypriot claimant having filed the action had acquired the claim from a shareholder of the holding company of the Slovak claimant. The matter of the claim is the same as in the proceeding above. According to the Cypriot claimant, this had caused damage to the Slovak claimant and, thus, also to the shareholder of the holding company in the form of a loss of value of its shares. Subsequently, said shareholder assigned his claim to the Cypriot claimant. The Cypriot claimant claims that Tatra banka acted contrary to the good morals as well as contrary to fair business conduct and requires Tatra banka to pay part of its claims corresponding to the loss in value of the holding company's shares. In November 2019, the claim was rejected in its entirety. It is still possible to appeal against the judgment.

Following an assignment of Tatra banka's receivable (approximately € 3.5 million) against a corporate customer to an assignee, two lawsuits in the total amount of approximately € 18.6 million were filed by the original shareholders of the corporate customer against Tatra banka. Their shares in the corporate customer had been pledged as security for a financing provided by Tatra banka to the corporate customer. The claims are claims for compensation of damages which were incurred by the original shareholders as a consequence of an alleged late notification of the assignment to the original shareholders, the fact that the assignee had realized the pledge over the shares and, thus, the original shareholders ceased to be the shareholders of the corporate customer as well as the fact that the assignee had realized a mortgage over real estates of the corporate customer (which had also been created as a security for the financing provided by Tatra banka to the corporate customer). The original shareholders claimed that the value of the corporate customer was € 18.6 million and that this amount would represent the damage incurred by them due to the assignment of Tatra banka's claim against the corporate customer. Subsequently, the original shareholders assigned their claims under the lawsuits mentioned above to a Panamanian company which is now the plaintiff. The plaintiff claims that Tatra banka had acted in contradiction of good faith principles and that it had breached an obligation arising from the Slovak Civil Code.

In June 2019, the court entirely rejected the claim. The plaintiff filed an appeal against the judgment of the first-instance court in August 2019.

In 2011, a client of Raiffeisenbank Austria, d.d., Croatia (RBHR) launched a claim for damages in the amount of approximately HRK 143.5 million (€ 19 million), alleging damages caused by an unjustified termination of the loan. In February 2014, the commercial court in Zagreb issued a judgment under which the claim was dismissed. The plaintiff launched an appeal, which remains pending. In the meantime, the plaintiff has gone through insolvency proceedings and the insolvency administrator has filed an application with the commercial court to withdraw the claim. The commercial court in Zagreb has not yet ruled on the termination of the claim against RBHR.

In 2015, a former client of RBHR launched a claim for damages in the amount of approximately HRK 181 million (€ 24 million) based on the allegation that RBHR had acted fraudulently by terminating loans, which had been granted for the financing of the client's hotel business, without justification. In previous court proceedings in respect of the termination of the loans as well as the enforcement over the real estate, all final judgments were in favor of RBHR. Several hearings were held and submissions exchanged. So far, no ruling has been issued.

From 2014 onwards, a group of former clients of RBHR launched several claims for damages in the amount of approximately HRK 120.7 million (€ 16 million) based on the allegation that RBHR had acted fraudulently by terminating and collecting loans. In some of the court proceedings the final court decisions dismissed the claims in the amount of approximately HRK 20 million (€ 3 million).

In 2015, various plaintiffs launched two lawsuits against Raiffeisen Bank S.A., Bucharest, claiming damages in the amount of RON 45 million and RON 35 million (€ 9 million and € 7 million), respectively, based on the allegation that unfair terms in credit agreements had been used. In late 2015, the RON 45 million (€ 9 million) claim was split into over 180 separate litigations and the RON 35 million (€ 7 million) claim was also split into over 160 individual cases. Raiffeisen Bank S.A. won a major part of the individual litigations and a small number is in appointment phase.

In 2015, a former client of the Raiffeisenbank a.s. (RBCZ), launched a lawsuit against RBCZ claiming damages in the amount of approximately CZK 371 million (€ 14 million) based on the allegation that RBCZ caused damage to him by refusing to provide further financing to him. Owing to the non-payment of court fees by the claimant, a court ruling on dismissal of the lawsuit was issued but has been appealed by the claimant. In the meantime, the court has united two proceedings launched by the claimant against RBCZ and therefore the sued amount has increased to approximately CZK 494 million (€ 18 million). After the first-instance court decision was revoked by the High Court and the claimant finally paid the court fee, the first-instance court was able to issue a verdict on the core matter of the dispute in which the court dismissed the claimant's claims in September 2019. The claimant has appealed that decision.

In April 2018, Raiffeisen Bank Polska S.A. (RBPL), the former Polish subsidiary of RBI, obtained the lawsuit filed by a former client claiming an amount of approximately PLN 203 million (€ 45 million). According to the plaintiff's complaint, RBPL blocked the client's current overdraft credit account for six calendar days in 2014 without the formal justification. The plaintiff claimed that the blocking of the account resulted in losses and lost profits due to a periodic disruption of the client's financial liquidity, the inability to replace loan-based funding sources with financing streams originating from other sources on the blocked account, a reduction in inventory and merchant credits being made available and generally a resulting deterioration of the client's financial results and business reputation. RBPL contended that the blocking was legally justified and implemented upon the information obtained. In the course of the sale of the core banking operations of RBPL to Bank BGZ BNP Paribas S.A.), the lawsuit against RBPL was allocated to Bank BGZ BNP Paribas S.A. However, RBI remains commercially responsible for negative financial consequences in connection with said proceeding.

A German customer instructed RBI to issue guarantees in favor of a Polish legal entity and a Polish community (together the plaintiffs). RBI instructed RBPL to issue such guarantees in Poland and granted RBPL corresponding counter-guarantees. RBI itself had received a declaration from the German customer regarding complete indemnity. The plaintiffs demanded payment under the guarantees of Bank BGZ BNP Paribas SA (BNP), which is the legal successor to RBPL regarding those guarantees. BNP rejected the application on the grounds of abusive exercise of rights. In March 2019, a claim for payment of PLN 50 million (€ 11 million) plus interest was served on BNP by the plaintiffs through the Warsaw commercial court. RBI remains responsible economically for the negative financial consequences in connection with the proceedings and BNP demanded that it become a party to the proceedings in November 2019.

In July 2019, a former corporate customer (claimant) of RBI filed a request for arbitration with the International Court of Arbitration of the International Chamber of Commerce, claiming from RBI payment of USD 25 million (€ 23 million) plus damages, interest and further costs. The dispute relates to a guarantee of a third party, which served as a security for a loan granted by RBI to the claimant in 1998. The claimant fell into arrears, whereupon RBI called in the guarantee. In 2015 a settlement was reached between RBI and the guarantor as to the claims of RBI under the guarantee. RBI applied all monies received from the guarantor towards payment by the claimant under the loan. In its request for arbitration, the claimant alleges (inter alia) that the settlement was detrimental to it, and that RBI would be obliged to transfer the monies received from the guarantor to the claimant. RBI takes the view that the claims raised by the claimant are baseless.

In February 2020, a claim for about € 43 million was served on Raiffeisen-Leasing GmbH (RL) in Austria. The plaintiff is seeking damages on the grounds that RL violated its obligations under a property development contract. RL and its lawyers are of the opinion that the claim is highly unlikely to be successful, largely because a similar claim of the plaintiff was dismissed by the Austrian Supreme Court in an earlier dispute. In the current case, two applications for legal aid submitted by the plaintiff have been rejected by the Vienna Commercial Court due to abuse of the law.

A claim against RBI Leasing GmbH (RBIL) for damages in the original provisional amount of some € 70 thousand plus interest in August 2019 was increased in March 2020 to an amount of around € 16 million. The claimant asserts that a leased property was sold below market value, while he would have been able to obtain a considerably higher price. RBIL maintains that the leased property was offered to the claimant prior to conclusion of the final purchase agreement.

Regulatory enforcement

RBI and its subsidiaries are subject to numerous national and international regulatory authorities. RBI does not currently have any significant open issues with regulatory authorities.

Following an audit review of the Romanian Court of Auditors regarding the activity of Aedificium Banca Pentru Locuinte S.A. (prior Raiffeisen Banca pentru Locuinte S.A. (RBL), a building society and subsidiary of Raiffeisen Bank S.A., Bucharest, the Romanian Court of Auditors claimed that several deficiencies were identified and that conditions for payings of state premiums on savings by RBL had not been met. Such premiums may therefore have to be repaid. Should RBL not succeed in reclaiming said amounts from its customers or providing satisfactory documentation, RBL may be held liable for the payment of such funds. RBL has initiated a contestation process against the examination results of the Romanian Court of Auditors and won over the most relevant alleged deficencies. The case is in appeal at the High Court of Cassation and Justice. Given current uncertainties, an exact quantification of the negative financial impact is not possible, however, repayment of premiums and potential penalty payments are not expected to exceed € 48 million. In this connection, a provision of € 10 million was recognized.

In March 2018, an administrative fine of € 2.7 million (which was calculated by reference to the annual consolidated turnover of RBI and constitutes 0.06 per cent of the last available annual consolidated turnover) was imposed on RBI in the course of administrative proceedings based on alleged non-compliance with formal documentation requirements relating to the know-your-customer principle. According to the interpretation of the Austrian Financial Market Authority (FMA), RBI had failed to comply with these administrative obligations in a few individual cases. FMA did not allege that any money laundering or other crime had occurred, or that there was any suspicion of, or any relation to, any criminal act. RBI took the view that it had duly complied with all due diligence obligations regarding know-your-customer requirements and appealed against the fining order in its entirety. The administrative court of first instance confirmed FMA's decision and – again - RBI appealed against this decision in its entirety. In December 2019, the Austrian Supreme Administrative Court (Verwaltungsgerichtshof) revoked the decision of the lower administrative instances and referred the case back to the administrative court of first instance.

In September 2018, two administrative fines of total PLN 55 million (€ 12 million) were imposed on RBPL in the course of administrative proceedings based on alleged non-performance of the duties as the depositary and liquidator of certain investment funds. RBPL as custodian of investment funds assumed the role as liquidator of certain funds in spring 2018. According to the interpretation of the Polish Financial Supervision Authority (PFSA) RBPL failed to comply with certain obligations in its function as depository bank and liquidator of the funds. In the course of the transactions related to the sale of RBPL, the responsibility for said administrative proceedings and related fines was assumed by RBI. RBI filed appeals against these fines in their entirety. In September 2019, in relation to the PLN 5 million (€ 1 million) fine regarding RBPL's duties as depositary bank, the Voivodship Administrative Court approved RBI's appeal and overturned the PFSA's decision entirely. However, the PFSA appealed such decision. In relation to the PLN 50 million (€ 11 million) fine regarding RBPL's function as liquidator, the Voivodship Administrative Court decided to dismiss the appeal and uphold the PFSA decision entirely. RBI has raised appeal to the Supreme Administrative Court because it takes the view that RBPL has duly complied with all its duties.

Tax litigation

RBI is or is expected to be involved in various tax audits, tax reviews and tax proceedings. RBI is involved in the following significant tax proceedings, among others:

In Germany, an extraordinary tax payment in the total amount of € 27 million in connection with property transfer tax has or will probably become due. A provision has been recognized for the payment.

In Romania, tax assessments by the Romanian tax authorities relating especially to loan sales could result in an exceptional tax burden of approximately € 33 million plus about € 22 million in penalty payments. In the view of the Romanian tax consultants involved in the matter, the probability that the Romanian subsidiary bank will prevail in court proceedings is high.

In Russia, the tax audit could result in an extraordinary tax burden in a total amount of approximately € 9 million plus € 2 million late payment interest. Additionally, penalty payments may be imposed in an amount of up to approximately € 4 million.

In the vast majority of the aforementioned amounts, the decision of the respective tax authorities is or will be disputed.

(50) 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 Niederösterreich-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.

31/3/2020 in € million	Companies with significant influence	Affiliated companies	Investments in associates valued at equity	Other interests
Selected financial assets	**17**	**531**	**999**	**617**
Equity instruments	0	252	709	195
Debt securities	13	0	55	12
Loans and advances	4	279	235	409
Selected financial liabilities	**2,166**	**104**	**4,804**	**606**
Deposits	2,166	104	4,804	606
Debt securities issued	0	0	0	0
Other items	**155**	**34**	**805**	**127**
Loan commitments, financial guarantees and other commitments given	150	34	774	127
Loan commitments, financial guarantees and other commitments received	6	0	31	0

31/12/2019 in € million	Companies with significant influence	Affiliated companies	Investments in associates valued at equity	Other interests
Selected financial assets	**9**	**558**	**1,146**	**669**
Equity instruments	0	270	836	229
Debt securities	6	0	56	12
Loans and advances	3	288	254	428
Selected financial liabilities	**2,134**	**94**	**4,375**	**528**
Deposits	2,134	94	4,375	528
Debt securities issued	0	0	0	0
Other items	**169**	**60**	**251**	**125**
Loan commitments, financial guarantees and other commitments given	162	60	222	125
Loan commitments, financial guarantees and other commitments received	7	0	30	0

1/1-31/3/2020 in € million	Companies with significant influence	Affiliated companies	Investments in associates valued at equity	Other interests
Interest income	3	1	3	1
Interest expenses	(5)	0	(7)	0
Dividend income	0	3	0	3
Fee and commission income	2	1	3	1
Fee and commission expenses	(2)	(1)	(2)	(5)

1/1-31/3/2019 in € million	Companies with significant influence	Affiliated companies	Investments in 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

(51) Average number of staff

Full-time equivalents	1/1-31/3/2020	1/1-31/3/2019
Salaried employees	46,255	46,557
Wage earners	622	605
Total	**46,877**	**47,162**

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 capital to cover risks which are not or not adequately covered under Pillar I. In April 2020, RBI received an official notification of a change in capital requirements that came into effect retroactively in March 2020. According to the changes, the Pillar 2 requirement, which previously consisted exclusively of common equity tier 1 capital (CET1), may now be met through the use of additional tier 1 (AT1) and tier 2 (T2) capital instruments in addition to common equity tier 1 capital (CET1).

The Pillar 2 requirement is calculated based on the bank's 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 2020, the CET1 requirement (including the combined buffer requirement) is 10.6 per cent for the RBI Group. A breach of the combined buffer requirement would induce measures such as constraints on dividend payments 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.

As a rule, national supervisors are authorized to impose 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 imposed on a particular institution, only the higher of the two values is applicable. In September 2015, the Financial Market Stability Board (FMSB) of the FMA recommended 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. It was raised to 0.50 per cent as of 1 January 2017 and increased progressively 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. 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.

In the context of the COVID-19 pandemic, both the ECB and the EBA enacted regulatory relief measures to enable banks supervised by the ECB to continue to play their central role in providing financing to households and businesses. The ECB will explicitly allow banks under its supervision to operate below the levels defined by the Pillar 2 guidance, the capital conservation buffer and the liquidity coverage ratio (LCR). Banks will also be allowed to use other capital instruments in addition to common equity tier 1 capital to meet capital requirements. This particular measure would have otherwise come into force at the beginning of 2021 as part of the implementation of CRD V (Capital Requirements Directive). Furthermore, the ECB is of the opinion that these measures should be supported by an appropriate relaxation of the countercyclical capital buffer by the national supervisory authorities.

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 2020, common equity tier 1 (CET1) after deductions amounted to € 9,891 million, representing a € 971 million reduction compared to the 2019 year-end figure. Material factors behind the reduction were currency movements directly recognized in equity, deductions related to additional value adjustments in the first quarter and changes to qualifying minority interests. Tier 1 capital after deductions declined € 965 million to € 11,127 million, mainly as a result of the reduction in CET1. Tier 2 capital declined € 110 million to € 1,830 million, largely due to the regulatory amortization of outstanding issues. Total capital amounted to € 12,957 million, representing a decrease of € 1,075 million compared to the 2019 year-end figure, mainly as a result of the change in CET1 capital.

Total risk-weighted assets (RWA) amounted to € 78,181 million as at 31 March 2020, increasing € 215 million compared to end-2019. The major reasons for the increase were new loan business, as well as business developments at head office, in Russia and the Czech Republic. The (organic) growth was offset by negative currency effects, especially from the Russian ruble, the Ukrainian hryvnia, and the Czech koruna.

An increase in market risk, driven by the rise in volatility caused by the COVID-19 pandemic, also contributed to an increase in RWA. As a result, the common equity tier 1 ratio came in at 12.7 per cent, the tier 1 ratio at 14.1 per cent and the total capital ratio at 16.5 per cent. Including the result for the reporting period, the capital ratios were as follows: the CET1 ratio declined 0.9 percentage points in the first quarter to 13.0 per cent, the tier 1 ratio stood at 14.5 per cent (down 0.9 percentage points), and the total capital ratio was 16.8 per cent (down 1.1 percentage points).

in € million	**31/3/2020**	**31/12/2019**
Capital instruments and the related share premium accounts	5,974	5,974
Retained earnings	8,011	7,986
Accumulated other comprehensive income (and other reserves)	(3,671)	(2,801)
Minority interests (amount allowed in consolidated CET1)	455	499
Common equity tier 1 (CET1) capital before regulatory adjustments	**10,769**	**11,659**
Additional value adjustments (negative amount)	(108)	(55)
Intangible assets (net of related tax liability) (negative amount)	(766)	(762)
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability where the conditions in Article 38 (3) are met) (negative amount)	(14)	(16)
Fair value reserves related to gains or losses on cash flow hedges	0	(1)
Gains or losses on liabilities valued at fair value resulting from changes in own credit standing	23	56
Exposure amount of the following items which qualify for a risk weight of 1250%, where the institution opts for the deduction alternative	(12)	(18)
hereof: securitization positions (negative amount)	(12)	(18)
Total regulatory adjustments to common equity tier 1 (CET1)	**(878)**	**(797)**
Common equity tier 1 (CET1) capital	**9,891**	**10,862**
Amount of qualifying items referred to in Article 484 (4) and the related share premium accounts subject to phase out from AT1	88	90
Qualifying tier 1 capital included in consolidated AT1 capital (including minority interests not included in row 5) issued by subsidiaries and held by third parties	1,148	1,139
Additional tier 1 (AT1) capital	**1,236**	**1,230**
Tier 1 capital (T1 = CET1 + AT1)	**11,127**	**12,092**
Capital instruments and the related share premium accounts	1,573	1,679
Qualifying own funds instruments included in consolidated T2 capital (including minority interests and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties	27	19
Credit risk adjustments	229	242
Tier 2 (T2) capital	**1,830**	**1,940**
Total capital (TC = T1 + T2)	**12,957**	**14,032**
Risk-weighted assets in respect of amounts subject to pre-CRR treatment and transitional treatments subject to phase out as prescribed in Regulation (EU) No 575/2013 (i.e. CRR residual amount)	**78,181**	**77,966**
Total risk-weighted assets (RWA)	**78,181**	**77,966**

Total capital requirement and risk-weighted assets

in € million	31/3/2020		31/12/2019	
	Risk-weighted exposure	Capital requirement	Risk-weighted exposure	Capital requirement
Total risk-weighted assets (RWA)	**78,181**	**6,254**	**77,966**	**6,237**
Risk-weighted exposure amounts for credit, counterparty credit and dilution risks and free deliveries	**65,495**	**5,240**	**65,851**	**5,268**
Standardized approach (SA)	**23,878**	**1,910**	**25,281**	**2,023**
Exposure classes excluding securitization positions	23,878	1,910	25,281	2,023
Central governments or central banks	779	62	956	76
Regional governments or local authorities	100	8	101	8
Public sector entities	29	2	28	2
Institutions	221	18	227	18
Corporates	5,315	425	5,506	440
Retail	5,240	419	5,718	457
Secured by mortgages on immovable property	7,239	579	7,455	596
Exposure in default	423	34	479	38
Items associated with particular high risk	132	11	139	11
Covered bonds	13	1	13	1
Collective investments undertakings (CIU)	71	6	75	6
Equity	1,618	129	1,816	145
Other items	2,697	216	2,770	222
Internal ratings based approach (IRB)	**41,617**	**3,329**	**40,570**	**3,246**
IRB approaches when neither own estimates of LGD nor conversion factors are used	**34,625**	**2,770**	**33,561**	**2,685**
Central governments or central banks	1,913	153	1,817	145
Institutions	1,494	119	1,457	117
Corporates - SME	4,914	393	5,086	407
Corporates - Specialized lending	3,453	276	3,261	261
Corporates - Other	22,851	1,828	21,940	1,755
IRB approaches when own estimates of LGD and/or conversion factors are used	**6,606**	**529**	**6,547**	**524**
Retail - Secured by real estate SME	193	15	168	13
Retail - Secured by real estate non-SME	2,554	204	2,558	205
Retail - Qualifying revolving	287	23	296	24
Retail - Other SME	533	43	521	42
Retail - Other non-SME	3,040	243	3,004	240
Equity	385	31	462	37
Simple risk weight approach	385,459	49,321	0	0
Other equity exposure	616,512	49,321	0	0
PD/LGD approach	0	0	0	0

in € million	31/3/2020		31/12/2019	
	Risk-weighted exposure	Capital requirement	Risk-weighted exposure	Capital requirement
Total risk exposure amount for settlement/delivery	**8**	**1**	**44**	**4**
Settlement/delivery risk in the non-trading book	0	0	44	3
Settlement/delivery risk in the trading book	8	1	0	0
Total risk exposure amount for position, foreign exchange and commodities risk	**4,197**	**336**	**3,393**	**271**
Risk exposure amount for position, foreign exchange and commodities risks under standardized approaches (SA)	**2,060**	**165**	**2,108**	**169**
Traded debt instruments	1,610	129	1,651	132
Equity	168	13	158	13
Particular approach for position risk in CIUs	1	0	1	0
Foreign exchange	274	22	289	23
Commodities	7	1	8	1
Risk exposure amount for position, foreign exchange and commodities risks under internal models (IM)	**2,137**	**171**	**1,285**	**103**
Total risk exposure amount for operational risk	**7,683**	**615**	**7,802**	**624**
OpR standardized (STA) /alternative standardized (ASA) approaches	3,424	274	3,694	296
OpR advanced measurement approaches (AMA)	4,259	341	4,108	329
Total risk exposure amount for credit valuation adjustments	**182**	**15**	**223**	**18**
Standardized method	182	15	223	18
Other risk exposure amounts	**617**	**49**	**653**	**52**
of which risk-weighted exposure amounts for credit risk: securitization positions (revised securitization framework)	617	49	653	52

Capital ratios[1]

in per cent	31/3/2020	31/12/2019
Common equity tier 1	12.7%	13.9%
Tier 1 ratio	14.1%	15.4%
Total capital ratio	16.5%	17.9%

1 Fully loaded

Leverage ratio

The leverage ratio is defined in Part 7 of the CRR and as at 31 March 2020 was not yet a mandatory quantitative requirement. Until then it serves for information only.

in € million	31/3/2020	31/12/2019
Leverage exposure	177,513	178,226
Tier 1	11,127	12,092
Leverage ratio[1]	**6.2%**	**6.7%**

1 Fully loaded

Key figures

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 less dividend on additional tier 1 capital in relation to average consolidated equity (i.e. the equity attributable to the shareholders of RBI). Average consolidated 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, current income from investments in associates, 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) – Relation of income tax expense to profit before tax. The effective tax rate differs from the company´s jurisdictional tax rate due to many accounting factors and enables a better comparison among companies. 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 calculated with net interest income set in relation to average interest-bearing assets (total assets less investments in subsidiaries and associates, tangible fixed assets, intangible 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).

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).

NPE ratio is an economic ratio to demonstrate the proportion of non-performing loans and debt securities in relation to the entire loan portfolio of customers and banks, 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-performing loans in relation to the entire loan portfolio to 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-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 set in relation to non-performing loans to customers and banks and debt securities.

NPL coverage ratio describes to which extent non-performing loans have been covered by impairments (Stage 3) thus expressing also the ability of a bank to absorb losses from its NPL. It is calculated with impairment losses on loans to customers and banks set in relation to 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 – They are primarily income components of the ongoing business operations (before impairment). It comprises net interest income, dividend income, current income from investments in associates, net fee and commission income, net trading income and fair value result, net gains/losses from hedge accounting and other net operating income.

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 (customer loans) by average customer loans (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 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.

Total capital specific key figures

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

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.

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

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

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

Events after the reporting date

Impact of the COVID-19 pandemic

There remains significant uncertainty about further developments with respect to the COVID-19 pandemic, both in terms of the duration of the pandemic itself and the extent of the economic recovery in the 2020 financial year. Although state support measures will alleviate the impact for households and businesses, RBI expects higher risk costs for the duration of the COVID-19 containment measures. The constantly changing situation will necessitate regular adjustments to the scenarios in the 2020 financial year on the basis of updated forecasts for the economic environment and post-model adjustments. This applies especially when new information becomes available on the impact of the pandemic, including a highly probable revision of estimates for macroeconomic indicators.

Government support measures

In addition to government support measures – such as bridging loans made in connection with government guarantees – payment moratoriums have been introduced in almost all RBI markets to help customers avoid liquidity shortages as a result of the COVID-19 containment measures. With regard to payment moratoriums, RBI expects modification losses in an amount that cannot yet be ultimately estimated because multiple factors are involved, including the number of modified individual contracts and to what extent contractual interest payments are deferred into the future.

Additional bank levy in Hungary

On 14 April 2020, the Hungarian government published a decree (entry into force: 1 May 2020) providing for an exceptional one-off tax to be levied on Hungarian banks for the current financial year. The tax rate for the one-off tax is 0.19 per cent of the tax base, which is the same as the tax base for the general Hungarian banking tax. It is expected, however, that banks will be able to deduct the one-off tax from the general banking tax over the next five years.

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