Raiffeisen Bank International

Member of RBI Group

Third Quarter Report 2020

Overview

Raiffeisen Bank International (RBI)

Monetary values in € million	2020	2019	Change
Income statement	**1/1-30/9**	**1/1-30/9[1]**	
Net interest income	2,476	2,531	(2.2)%
Net fee and commission income	1,272	1,307	(2.7)%
General administrative expenses	(2,164)	(2,245)	(3.6)%
Operating result	1,800	1,588	13.3%
Impairment losses on financial assets	(497)	(80)	>500.0%
Profit/loss before tax	920	1,299	(29.2)%
Profit/loss after tax	679	985	(31.0)%
Consolidated profit/loss	599	874	(31.5)%
Statement of financial position	**30/9**	**31/12**	
Loans to banks	9,868	9,435	4.6%
Loans to customers	91,711	91,204	0.6%
Deposits from banks	30,212	23,607	28.0%
Deposits from customers	99,800	96,214	3.7%
Equity	14,036	13,765	2.0%
Total assets	164,779	152,200	8.3%
Key ratios	**1/1-30/9**	**1/1-30/9[1]**	
Return on equity before tax	9.1%	13.9%	(4.8) PP
Return on equity after tax	6.7%	10.6%	(3.8) PP
Consolidated return on equity	6.4%	10.4%	(4.0) PP
Cost/income ratio	54.6%	58.6%	(4.0) PP
Return on assets before tax	0.77%	1.17%	(0.40) PP
Net interest margin (average interest-bearing assets)	2.21%	2.43%	(0.22) PP
Provisioning ratio (average loans to customers)	0.72%	0.13%	0.59 PP
Bank-specific information	**30/9**	**31/12**	
NPE ratio	1.9%	2.1%	(0.2) PP
NPE coverage ratio	63.8%	61.0%	2.8 PP
Total risk-weighted assets (RWA)	80,146	77,966	2.8%
Common equity tier 1 ratio[2]	13.1%	13.9%	(0.9) PP
Tier 1 ratio[2]	15.1%	15.4%	(0.3) PP
Total capital ratio[2]	17.8%	17.9%	(0.1) PP
Stock data	**1/1-30/9**	**1/1-30/9**	
Earnings per share in €	1.66	2.52	(33.9)%
Closing price in € (30/9)	13.07	21.29	(38.6)%
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 (30/9)	328.94	328.94	0.0%
Market capitalization in € million (30/9)	4,299	7,003	(38.6)%
Resources	**30/9**	**31/12**	
Employees as at reporting date (full-time equivalents)	46,071	46,873	(1.7)%
Business outlets	1,958	2,040	(4.0)%
Customers in million	16.8	16.7	0.6%

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

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RBI in the capital markets

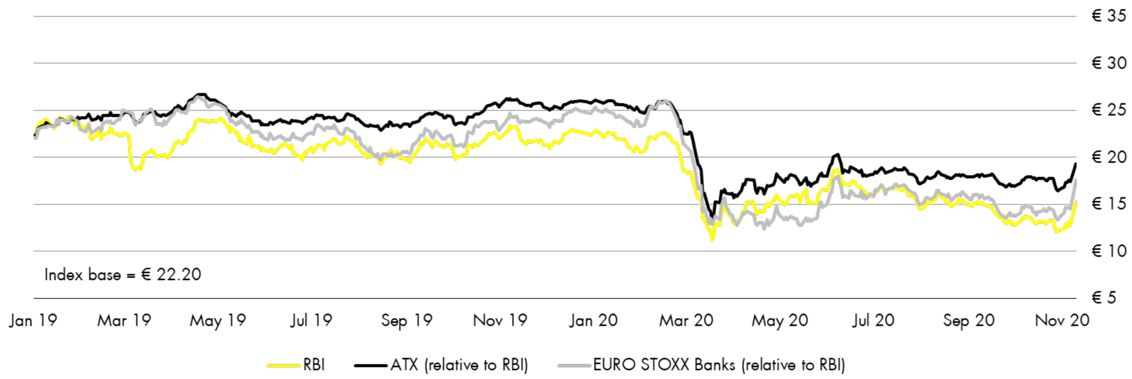
Performance of RBI stock

Gains posted on international stock markets in the second quarter were followed by a period of consolidation in the third quarter. While key indicators signaled a significant recovery in the economy, the resurgence of COVID-19 cases in many countries across the globe and the beginning of a second wave of the pandemic were the principal drivers of stock price declines towards the end of the third quarter. The imposition of renewed lockdown measures and restrictions on economic activities in some sectors will delay the economic recovery, which was only just starting to become apparent, and place a further financial burden on businesses and public finances. Additionally, the recent imposition of new sanctions by the EU against Russia and concerns around an associated deterioration of the mutual relationship also affected RBI's share price.

Within this context, RBI stock declined by 18 per cent over the third quarter of 2020 and closed at € 13.07 on 30 September 2020. The EURO STOXX Banks index and the Austrian ATX stock index fell by 13 per cent and 6 per cent respectively over the same period.

From the end of the quarter until the editorial deadline of this report on 10 November 2020, RBI's stock gained 16.8 per cent and closed at € 15.27.

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



Active capital market communication

RBI published its Semi-Annual Financial Report on 11 August 2020 and hosted a conference call with around 250 participants. Due to the ongoing restrictions on gatherings in Austria, the usual in person meetings in Vienna, in which the quarterly results are discussed with members of the press, investors and analysts, were conducted through conference calls or video conferences.

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

The aim of RBI's Investor Relations activities is to ensure maximum transparency for market participants – also in the current situation – through use of flexible and innovative formats. The normally diverse opportunities to obtain information in personal meetings during roadshows and conferences were impacted by measures related to the COVID-19 pandemic. The numerous meetings in the third quarter, including the otherwise usual international bank conferences with analysts, equity and debt investors, were therefore again conducted exclusively through conference calls or video conferences. This practice has been employed since the publication of the 2019 Annual Report in mid-March and will be maintained until further notice for the protection of employees and other meeting participants.

The major topics covered in the discussions were the impact of COVID-19 on RBI's business and risk costs in particular. Questions on the capital position, the planned dividend payment and recent geopolitical tensions in relation to Russia were also discussed.

At the end of the third quarter of 2020, a total of 20 equity analysts and 22 debt analysts provided investment recommendations on RBI.

Annual General Meeting and dividend

The Annual General Meeting for the 2019 financial year, which was originally scheduled for 18 June 2020, took place on 20 October 2020. This was likewise due to the ongoing restrictions on contact and gatherings. The Annual General Meeting was conducted as a purely virtual event for the first time in order to protect the health of all participants. Shareholders took advantage of the opportunity to participate via RBI's web-based AGM portal. All resolution proposals on the agenda were passed by a large majority. The original dividend payment proposal was not voted upon, in line with the ECB recommendation to pay no dividends until 1 January 2021. With increased loan volumes since the beginning of the year, RBI could contribute to the strengthening of the economy and its customers. At the same time, RBI's financial strength would have enabled us to pay a dividend in 2020. Nevertheless, RBI decided to follow the ECB's recommendation. The net profit for 2019 will be carried forward and as soon as the ECB lifts its recommendation, a later dividend payment will be reevaluated.

Issuance of AT1 capital

On 22 July 2020, RBI placed € 500 million of perpetual additional tier 1 capital (AT1). This was RBI's third issuance of AT1 capital since 2017 and further optimized its capital structure and its compliance with Pillar 1 and Pillar 2 capital requirements. Furthermore, RBI's buffer to MDA trigger level improved to 2.38 per cent (based on figures as of 31 March 2020 with the addition of this AT1 issuance as well as an RBI tier 2 issuance in June).

The security has an annual coupon of 6.00 per cent until December 2026, which will be reset thereafter. With demand of € 1.6 billion, the order book was significantly oversubscribed and met with a high level of interest from investors, primarily in the UK, continental Europe and Asia. Following the successful placement of a subordinated tier 2 benchmark in early June, with this issuance RBI once again demonstrated that it is an attractive issuer in the international capital markets.

Shareholder structure

The regional Raiffeisen banks continue to hold approximately 58.8 per cent of RBI's shares, with the remaining 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 30 September 2020	€ 13.07
High/low (closing share price) in the third quarter 2020	€ 16.90/€ 12.90
Earnings per share from 1 January to 30 September 2020	€ 1.66
Book value per share as at 30 September 2020	€ 35.34
Market capitilization as at 30 September 2020	€ 4.3 billion
Average daily trading volume (single count) in the third quarter 2020	472,066 shares
Free float as at 30 September 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 30 September 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 2021

29 January 2021	Start of Quiet Period
5 February 2021	Preliminary Results 2020
17 March 2021	Annual Report 2020, Conference Call
12 April 2021	Record Date Annual General Meeting
22 April 2021	Annual General Meeting
23 April 2021	Start of Quiet Period
28 April 2021	Ex-Dividend Date
29 April 2021	Record Date Dividends
30 April 2021	Dividend Payment Date
7 May 2021	First Quarter Report, Conference Call
16 July 2021	Start of Quiet Period
30 July 2021	Semi-Annual Report, Conference Call
20 October 2021	Start of Quiet Period
3 November 2021	Third Quarter Report, Conference Call

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Group management report

Market development

Economic and financial market developments in 2020 are being shaped by the global spread of COVID-19 and the associated restrictions to contain the pandemic. In early spring the sharply rising number of cases led to severe restrictions on business activities. These were accompanied by an unprecedented recession which affected all areas of the economy but particularly the service sector. As the number of new cases was greatly reduced in most countries after several weeks, there was a gradual easing of the constraints on business and a significant rebound in economic activity began in May. Nevertheless, activity at the beginning of autumn clearly remained below the level of the beginning of the year, except for in selected areas. The renewed sharp increase in the spread of COVID-19 leads to a high degree of uncertainty with respect to the last quarter of 2020 and first quarter of 2021. In many countries the daily number of new cases has risen to above the levels recorded in spring. In order to bring transmission of the virus in Europe under control, partially strict restrictions have once again been implemented. Policymakers have however expressly stated their intention to avoid a second extensive shutdown of economic activity. A sustainable medical remedy is generally expected to take until 2021, with current estimates assuming that extensive vaccinations will be possible in spring 2021.

For the euro area, a reduction in GDP of around 7 per cent compared to the prior year is expected in 2020 (2021: increase of 4.3 per cent). After an initial bounce in economic activity in the third quarter of 2020, the risk remains of a renewed decline in economic activity in the fourth quarter. State support programs are mitigating the rise in the unemployment rate and loss of income. This assistance is not expected to be brought to an abrupt end and should continue well into 2021. However, short-time work is not a permanent solution and consequently more and more companies are adjusting their headcount to adapt to the changed operating environment. The COVID-19 crisis will therefore also have substantial medium-term negative repercussions. GDP in most countries is not expected to reach pre-crisis levels until the end of 2022. The extensive fiscal countermeasures are leading to high budget deficits in all countries. The decrease in energy prices and tax cuts have lowered the inflation rate in the course of 2020 and in August it even fell into negative territory. From the beginning of 2021 these downward effects on prices will cease and as a result a marked increase in inflation is to be expected in the first half of 2021.

The ECB has taken extensive measures in response to the COVID-19 crisis. The existing Asset Purchase Program (APP) of € 20 billion per month was increased by a total amount of € 120 billion until the end of 2020. As part of an additional purchase program, the Pandemic Emergency Purchase Programme (PEPP), it is planned to purchase bonds in an amount of € 1,350 billion by June 2021. Furthermore, new refinancing operations were put in place and the existing conditions were improved. Given the sustained negative effects and uncertainties resulting from the COVID-19 pandemic, the central bank has signaled that it is prepared to extend or increase the existing stimulus in 2021.

The US Federal Reserve, on completion of the strategic review of monetary policy, once again signaled that key rates will remain at around zero for a longer period. A moderate overshooting of the inflation rate will now expressly be tolerated in order to reach a medium-term average inflation rate of 2 per cent. Unconventional measures such as bond purchase programs will also be viewed in the future as an integral part of monetary policy. Over the summer, the US economy recovered more quickly than expected from the COVID-19 lockdown (March/April), although political and epidemiological uncertainties are weighing on further economic growth.

Following the economic downturn in the first half of the year, the Austrian economy recorded significant real GDP growth in the third quarter. In light of the new restrictions, as imposed in November, a renewed GDP decline is expected in the fourth quarter, albeit of a much lesser extent than in the second quarter. The economy is also expected to be under certain restrictions beyond November, therefore clearly positive GDP growth rates are first expected in the second quarter of 2021. The estimate for the full year 2020 (decline of 7.2 per cent) and for 2021 (growth of 3.5 per cent) remain unchanged despite the new restrictions, due to the better-than-expected third quarter development and the already incorporated conservative outlook for the 2020/2021 winter season.

The Central European (CE) countries were very successful in containing the first wave of the virus in the spring. These countries were however badly hit by the second COVID-19 wave, particularly the Czech Republic. Containment measures have already been tightened in the region. GDP will decline by around 5.2 per cent in 2020 (2021: increase of 3.2 per cent), primarily as a result of the containment measures and the reduction in trade. It is anticipated that the Czech Republic (decline of 7.6 per cent) and Hungary (decline of 6.5 per cent) will be more strongly impacted. Several countries have again enacted national lockdowns.

The Southeastern Europe (SEE) region is expected to see a 5.5 per cent decline in GDP in 2020, primarily due to the lockdown measures in the second quarter. Countries such as Croatia (decline of 9.4 per cent in 2020) which are affected by tourism and those countries that are strongly reliant on money transfers from private individuals living abroad such as Albania (decline of 6.5 per cent) are particularly strongly impacted. Serbia is expected to emerge relatively unscathed from the crisis (decline of 2.5 per cent) due to extensive fiscal and monetary stimulus and a partial recovery in private consumption. In some countries there has been rapid growth in the number of COVID-19 cases in recent weeks, but the governments are currently not willing to implement nationwide lockdowns. GDP will recover by around 4.3 per cent in 2021 as a whole. In parts of the region positive effects are expected from the EU Economic and Investment Plan for the Western Balkans, within the framework of which up to € 9 billion should be allocated to financing investments in the areas of transport, energy, and green and digital transition.

In the Eastern Europe (EE) region, to which Belarus, Russia and Ukraine belong, the economic outlook remains difficult due to the high degree of dependency on commodity prices in Russia and Ukraine as well as the unstable political situation. Although the second COVID-19 wave also occurred in Russia, the government held back from reintroducing restrictions outside of Moscow, which signifies correspondingly fewer negative economic effects. Similarly, Belarus opposed all major nationwide measures, while the government in Ukraine decided upon partial restrictions. However, politics remains a source of instability in Ukraine. The latter also applies to Belarus, where street protests in the aftermath of the presidential elections are continuing for the third consecutive month and has already led to a temporary depreciation of the Belarusian ruble. In Ukraine, the delay in the payment of the second tranche of the IMF loan program in September in connection with growing concerns over the independence of the central bank also had a negative impact. In Belarus, the economy is expected to recover by only 1.5 per cent next year following a downturn of 3.0 per cent in 2020, while the recovery in Ukraine could also be less pronounced. In Russia the economic recovery (2.3 per cent in 2021 after a decline of 4.0 per cent in 2020) is also dependent on the development of the oil price. The risk of new sanctions, especially on the part of the US, is also affecting business confidence and investment prospects. Against this backdrop the recovery may lack external factors, while domestic economic impetus is expected to remain limited to government-sponsored investment programs.

Annual real GDP growth compared to the previous year

Region/country	**2019**	**2020e**	**2021f**	**2022f**
Czech Republic	2.3	(7.6)	1.0	6.0
Hungary	4.6	(6.5)	4.0	4.0
Poland	4.2	(3.3)	3.2	1.9
Slovakia	2.3	(6.0)	5.0	2.5
Central Europe	**3.8**	**(5.2)**	**3.2**	**3.3**
Albania	2.2	(6.5)	5.0	3.5
Bosnia and Herzegovina	2.6	(5.2)	3.0	3.2
Bulgaria	3.7	(6.0)	4.0	3.0
Croatia	2.9	(9.4)	5.1	3.0
Kosovo	4.2	(5.5)	5.0	3.5
Romania	4.1	(5.0)	4.2	4.0
Serbia	4.2	(2.5)	4.5	3.0
Southeastern Europe	**3.8**	**(5.5)**	**4.3**	**3.6**
Belarus	1.2	(3.0)	1.5	2.0
Russia	1.3	(4.0)	2.3	1.3
Ukraine	3.2	(5.8)	3.8	3.5
Eastern Europe	**1.5**	**(4.1)**	**2.4**	**1.5**
Austria	**1.4**	**(7.2)**	**3.5**	**2.5**
Germany	**0.6**	**(5.9)**	**3.7**	**2.3**
Euro area	**1.3**	**(7.0)**	**4.3**	**3.7**

Source: Raiffeisen Research - the above data is based on analysts' estimates (base case scenario) as of the beginning of November 2020; subsequent revisions may be made for prior years (e: estimate; f: forecast)

Significant events in the reporting period

Severe impact from the COVID-19 pandemic

The economic shutdown caused by the COVID-19 pandemic in March 2020, has had unprecedented economic repercussions. 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 were 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.

The measures introduced by many governments in March 2020 in order to restrict contact led to a lockdown of national economies. Around the middle of May 2020, most of the countries in which RBI operates began a gradual and controlled reopening. Since the end of the summer, daily new infections in many countries rose above the levels recorded in the spring. By reintroducing measures to restrict contact, governments are endeavoring to bring the spread of the virus back under control. However, politicians have declared their intention to avoid a second comprehensive shutdown of the economy. Longer-term adverse effects on the economic situation in certain sectors are still to be expected.

Due to the severe global recession, a significant decline in profit is expected for the current financial year. As a direct consequence in the first nine months, additional expected impairment losses of around € 201 million were posted in excess of the ECL model. These were post-model adjustments to estimates of the expected credit losses. The adjustments were necessary as the models do not fully capture the speed of the changes and the severity of the pandemic's economic effects. Individual sectors such as tourism (including leisure facilities), aviation (including freight traffic), extraction and processing of oil and natural gas, as well as the automotive industry, have been hardest hit. Further information on the development in net provisioning for impairment losses can be found in the notes to the interim consolidated financial statements.

In addition to the significantly higher net provisioning for impairment losses, impairments on equity investments and goodwill amounting to approximately € 138 million were recognized due to changes in medium-term planning parameters. Loan modifications due to payment moratoriums in an amount of minus € 17 million were recorded through profit/loss. Further information 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 or the regulatory guidelines in the respective banking sector. Borrowers in some countries (such as Croatia, Romania and Austria) 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). As at 30 September 2020, € 6.2 billion of loans were subject to a moratorium.

A change in payment plans may lead to a net present value loss on an individual loan contract, which is generally 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 nine months, minus € 17 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 adopted various support measures for the economy and 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.

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 2019 and 2020 financial years, either through recommendations from supervisory authorities or through enacted legislation for the duration of the COVID-19 pandemic. In contrast to many EU countries, however, RBI received dividend payments of € 299 million from Russia and Ukraine.

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. Banks are also allowed to use other capital instruments in addition to common equity tier 1 capital to meet capital requirements. This particular measure would originally not have come into force until 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.

Bank levy in Slovakia

In June 2020, the Slovakian government decided to abolish the bank levy in Slovakia for the second half of 2020. In 2020, RBI paid € 26 million in bank levies in Slovakia (previous year's period: € 18 million).

Amendment to the proposal for the utilization of net profit for the financial year 2019

On 16 September 2020, in line with the European Central Bank's recommendation on dividend payments, the Management Board decided to propose to the General Meeting on 20 October 2020, to carry forward the entire net profit for the financial year 2019 (€ 331,662,036.45). The proposed resolution was approved by the Annual General Meeting.

Nevertheless, at the beginning of 2021, the Management Board intends to reevaluate, taking into consideration capital requirements for the coming period, any existing dividend recommendation from regulatory authorities, as well as the economic impact of the COVID-19 crisis, whether a later distribution from the 2019 stated net profit should be proposed at an extraordinary general meeting.

Earnings and financial performance

Like all banks, RBI is faced with an extremely challenging market environment in the current financial year, which is not only marked by the pandemic but also by continuing low interest rates and a cyclical decline in demand for credit. The COVID-19 pandemic has caused turmoil on the financial markets since the end of February and led to restrictions in both the private domain and the economic environment. This has weighed on the business activities of RBI's customers, with direct and indirect repercussions on the performance of the bank's business. Governments and central banks have reacted by taking various measures to mitigate the adverse effects on companies and consumers. Another consequence has been the substantial depreciation of currencies in some of RBI's core markets in the year to date, particularly the Russian ruble (down 31 per cent), the Ukrainian hryvnia (down 25 per cent) and the Czech koruna (down 7 per cent).

Operating income improved, posting an increase of € 130 million. This was primarily attributable to the net trading income and fair value result (up € 183 million due to valuation losses in the previous year). The expansion of business volumes in previous periods initially led to continued growth in core revenues. However, a reduction in fee and commission income was subsequently recorded as a result of the lockdown measures, while interest income was impacted due to substantial key rate cuts in some markets. Operating income was negatively affected by currency depreciation.

The negative impact on RBI from the recession caused by the COVID-19 pandemic is primarily reflected in impairment losses on financial assets in the amount of € 497 million (an increase of € 417 million), due to the migration of stages in the ECL calculation, as well as impairments of € 109 million (up € 87 million) on companies valued at equity reported in the other result. As a result, consolidated profit declined € 276 million year-on-year to € 599 million.

in € million	1/1-30/9/2020	1/1-30/9/2019[1]	Change	
Net interest income	2,476	2,531	(55)	(2.2)%
Dividend income	19	26	(7)	(27.6)%
Current income from investments in associates	44	51	(7)	(13.9)%
Net fee and commission income	1,272	1,307	(35)	(2.7)%
Net trading income and fair value result	95	(87)	183	–
Net gains/losses from hedge accounting	7	(7)	14	–
Other net operating income	50	13	37	284.1%
Operating income	**3,964**	**3,833**	**130**	**3.4%**
Staff expenses	(1,175)	(1,181)	6	(0.5)%
Other administrative expenses	(702)	(784)	82	(10.5)%
Depreciation	(287)	(280)	(7)	2.6%
General administrative expenses	**(2,164)**	**(2,245)**	**81**	**(3.6)%**
Operating result	**1,800**	**1,588**	**211**	**13.3%**
Other result	(211)	(68)	(142)	208.2%
Levies and special governmental measures	(173)	(141)	(32)	22.4%
Impairment losses on financial assets	(497)	(80)	(417)	>500.0%
Profit/loss before tax	**920**	**1,299**	**(379)**	**(29.2)%**
Income taxes	(240)	(314)	74	(23.6)%
Profit/loss after tax	**679**	**985**	**(305)**	**(31.0)%**
Profit attributable to non-controlling interests	(81)	(110)	30	(26.8)%
Consolidated profit/loss	**599**	**874**	**(276)**	**(31.5)%**

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

Operating income

Operating income was up 3 per cent year-on-year, or € 130 million, to € 3,964 million. Despite significant currency depreciation, the Group's average interest-bearing assets rose 8 per cent, reflecting increases in the loan business and short-term investments. However, net interest income declined € 55 million to € 2,476 million. The net interest margin decreased 22 basis points to 2.21 per cent. This decline was largely attributable to interest rate cuts related to COVID-19 in many of the Group's countries and an increased volume of short-term investments. Net fee and commission income fell € 35 million to € 1,272 million, primarily as a result of reduced volumes due to COVID-19, especially in the area of clearing, settlement and payment services. Net trading income and the fair value result improved € 183 million to € 95 million. In the previous year, losses of € 58 million were reported in the valuation of certificates issued due to interest rate movements. Valuation losses relating to a building society portfolio also impacted the same period of the previous year (€ 59 million). Both effects are now incorporated into a hedging relationship. At head office, positive changes were recorded in the valuation of foreign currency and credit derivatives in the current financial year. Other net operating income rose € 37 million year-on-year, primarily due to provisions for litigation in connection with state subsidies for building society savings in Romania in the previous year (€ 23 million) and the release of a provision for litigation in Slovakia (€ 18 million).

General administrative expenses

General administrative expenses declined € 81 million year-on-year to € 2,164 million. Currency movements in the reporting period led to a € 58 million reduction in general administrative expenses, primarily as a result of the depreciation of the Belarusian ruble by 15 per cent, the Russian ruble by 10 per cent, and the Hungarian forint by 8 per cent (based on the average rates for the period). The average headcount decreased by 610 full-time equivalents year-on-year to 46,612. Staff expenses were more or less stable at € 1,175 million, with salary increases and currency effects largely offsetting one another. Other administrative expenses fell 10 per cent or € 82 million to € 702 million. Besides currency effects, the main drivers of this decline were reduced IT expenses at head office (down € 14 million) together with lower deposit insurance fees in Russia (down € 10 million) and Romania (down € 6 million). Other expense items also decreased as a result of the COVID-19 pandemic. Depreciation of tangible and intangible fixed assets rose 3 per cent or € 7 million. The number of business outlets fell 137 year-on-year to 1,958, mainly reflecting optimization measures in Russia (down 44), Ukraine (down 40) and Romania (down 25).

Other result

The other result amounted to minus € 211 million in the reporting period, compared to minus € 68 million in the same period of the previous year. The decline was largely driven by impairments on investments in companies valued at equity in the amount of € 109 million (up € 87 million). The impairments primarily related to investments in UNIQA Insurance Group AG due to a lower value in use, LEIPNIK-LUNDENBURGER INVEST Beteiligungs AG and Prva stavebna sporitelna a.s. and were mainly attributable to a deterioration of economic prospects as a result of the pandemic. Moreover, a goodwill impairment of € 27 million was recorded for Raiffeisen Kapitalanlage-Gesellschaft due to a revision of the medium-term plan in response to the pandemic. In addition, allocations of credit-linked and portfolio-based provisions for litigation rose € 25 million to € 44 million, including increases of € 28 million in Poland to € 30 million and € 3 million in Croatia to € 10 million, compared to a € 6 million decrease in Romania to € 3 million. Net modification losses rose € 25 million to € 26 million, of which € 17 million was attributable to COVID-19 measures such as temporary payment moratoriums and restructuring in Ukraine, Hungary, Romania, and the Czech Republic. In contrast, a € 23 million provision for German property transfer tax was recorded in the same period of the previous year.

Levies and special governmental measures

The expenses for levies and special governmental measures increased € 32 million to € 173 million. Bank levies rose € 9 million, mainly as a result of the bank levy in Slovakia being doubled in the first half of the year. Contributions to the bank resolution fund also increased at head office, in Bulgaria and Romania.

Impairment losses on financial assets

Impairment losses on financial assets posted a significant increase of € 417 million in the reporting period to € 497 million, compared to risk costs of € 80 million in the same period of the previous year.

Net impairments of € 268 million were recorded in stage 1 and stage 2 over the reporting period (up € 257 million). This mainly related to the following industries and customers employed in these sectors: tourism, automotive, air travel, oil & gas, real estate and consumer goods. As a result, net impairments totaled € 139 million on loans to non-financial corporations and € 94 million on loans to households . The impairments included additional expected provisioning for impairment losses in the amount of approximately € 201 million due to adjustments to macroeconomic data and the structural effects of the COVID-19 pandemic on certain sectors. This amount comprised new allocations of € 175 million for non-financial corporations and € 26 million for households.

Net impairments of € 222 million (up € 149 million in net terms) were allocated for defaulted loans (stage 3) in the reporting period. This included € 118 million for households and € 96 million for non-financial corporations.

At 1.9 per cent, the NPE ratio was down 0.2 percentage points from the year-end level, mainly due to the increased loan volumes, while non-performing loans remained more or less unchanged. The NPE coverage ratio improved 2.8 percentage points to 63.8 per cent as a result of the additional impairments.

Income taxes

Income taxes fell € 74 million to € 240 million, primarily as a consequence of lower income. The tax rate increased 2 percentage points to 26 per cent, driven largely by the negative profit contribution from head office due to the aforementioned impairments.

Quarterly results

in € million	Q3/2019[1]	Q4/2019	Q1/2020	Q2/2020	Q3/2020
Net interest income	866	881	881	825	770
Dividend income	2	5	6	8	4
Current income from investments in associates	14	120	(9)	31	22
Net fee and commission income	468	489	448	392	433
Net trading income and fair value result	(8)	70	37	25	33
Net gains/losses from hedge accounting	(7)	10	12	(8)	3
Other net operating income	(8)	65	29	12	8
Operating income	**1,327**	**1,642**	**1,405**	**1,286**	**1,273**
Staff expenses	(392)	(429)	(402)	(405)	(367)
Other administrative expenses	(260)	(310)	(259)	(218)	(226)
Depreciation	(96)	(109)	(94)	(96)	(97)
General administrative expenses	**(748)**	**(848)**	**(755)**	**(719)**	**(690)**
Operating result	**580**	**794**	**650**	**567**	**584**
Other result	(35)	(151)	(82)	(91)	(38)
Levies and special governmental measures	(11)	(21)	(128)	(38)	(7)
Impairment losses on financial assets	(68)	(154)	(153)	(158)	(185)
Profit/loss before tax	**465**	**468**	**286**	**279**	**354**
Income taxes	(124)	(88)	(79)	(66)	(95)
Profit/loss after tax	**341**	**380**	**207**	**213**	**259**
Profit attributable to non-controlling interests	(38)	(27)	(31)	(21)	(29)
Consolidated profit/loss	**303**	**353**	**177**	**192**	**230**

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

Development of the third quarter of 2020 compared to the second quarter of 2020

Operating income

Net interest income declined € 55 million quarter-on-quarter to € 770 million. The development in the third quarter continued to be affected by the measures taken due to the pandemic, especially the key rate cuts in several markets and excess levels of liquidity. The largest reduction in net interest income was recorded in Russia at € 21 million as a result of currency depreciation and lower volumes. Reduced interest income from derivatives led to a € 15 million decline at head office. Net interest income was down € 9 million in Ukraine because of lower market interest rates. In the Czech Republic, there was a decline of € 9 million due to the reduction in key rates. Net interest income fell € 3 million in Belarus, primarily as a consequence of lower market interest rates. The net interest margin was down 20 basis points to 2.00 per cent, mainly as a result of a significant increase in short-term investments and reduced margins due to interest rate cuts relating to COVID-19.

In the third quarter, current income from investments in associates amounted to € 22 million, compared to € 31 million in the previous quarter. The result was supported by an € 8 million increase in current income from UNIQA Insurance Group AG, while the amount generated by Raiffeisen Informatik was down € 15 million. This was due to income from the partial disposal of shares in SoftwareOne in the comparable period.

Net fee and commission income improved 10 per cent compared to the previous quarter, or € 41 million to € 433 million, as a consequence of the relaxation of COVID-19 measures. As a result, income from clearing, settlement and payment services recorded a volume-related rise of € 16 million across almost all countries to € 177 million. Income from the foreign exchange business also rose € 14 million to € 91 million, due to volume- and margin-related increases in revenues, particularly in Romania, the

Czech Republic, Belarus and Hungary. Net income from the loan and guarantee business increased € 7 million to € 52 million, mainly driven by higher income at head office.

The net trading income and fair value result climbed € 8 million quarter-on-quarter to € 33 million. The valuation of certificates issued generated a € 17 million increase, mainly as a result of losses in the previous quarter stemming from movements in the Group's own credit spread. Head office reported offsetting effects from the valuation of debt securities. Negative changes relating to the valuation of loans and advances carried at fair value were also recorded in Hungary, while positive currency translation effects were posted in Belarus and Albania.

General administrative expenses

General administrative expenses declined € 29 million quarter-on-quarter to € 690 million, mainly due to a € 38 million decrease in staff expenses compared to the previous quarter to € 367 million. Head office reported a € 22 million decrease in expenses as a result of seasonal effects such as the release of provisions for overdue vacations. The € 12 million decline in Russia was mainly related to currency depreciation. The average number of employees decreased marginally quarter-on-quarter by 187 full-time equivalents to 46,612, while the number of business outlets also declined slightly by 24 to 1,958.

Other result

The other result improved € 53 million quarter-on-quarter to minus € 38 million. This was primarily driven by a € 1 million allocation of credit-linked and portfolio-based provisions for litigation in the third quarter, compared to € 27 million in the previous quarter. The decline in credit-linked provisions in Romania – where € 14 million was released in the third quarter, compared to an allocation of € 17 million in the second quarter – was due to a revised estimate of the repayment rate for fees. Moreover, impairments on investments in associates were down € 17 million quarter-on-quarter. Net modification losses were € 10 million down on the second-quarter level.

Levies and special governmental measures

Expenses for levies and special governmental measures decreased € 31 million compared to the second quarter to € 7 million. Bank levies amounted to € 6 million in the third quarter and mainly related to current payments in Austria. The bank levy in Slovakia was abolished at the end of June, leading to a € 13 million decline. Contributions to the bank resolution fund amounted to € 1 million, compared to € 20 million in the second quarter, mainly as a result of higher contributions at head office and in Bulgaria.

Impairment losses on financial assets

Impairment losses on financial assets were € 27 million above the level of the previous quarter at € 185 million. In the third quarter, additional expected provisions for impairment losses were recorded in the amount of € 42 million (€ 52 million for non-financial corporations and a € 10 million release for households), to take sector-specific factors relating to COVID-19 and changes to macroeconomic data into account. This came to € 62 million in the second quarter, with € 55 million for non-financial corporations and € 7 million for households.

Income taxes

Income taxes increased € 29 million quarter-on-quarter to € 95 million. The tax rate rose 3 percentage points to 27 per cent, primarily as a result of an increase in withholding tax at head office stemming from higher dividend income.

Statement of financial position

Since the beginning of the year, total assets rose 8 per cent or € 12,580 million to € 164,779 million. In contrast, currency movements – affected by depreciation pressure on numerous CEE currencies as a result of the crisis, especially the Russian ruble (down 31 per cent), the Belarusian ruble (down 29 per cent), the Ukrainian hryvnia (down 25 per cent), the Hungarian forint (down 11 per cent), and the Czech koruna (down 7 per cent) – led to a decline in total assets of more than 4 per cent or € 7,036 million. On a currency-adjusted basis, total assets grew € 19,616 million or more than 12 per cent.

Assets

in € million	30/9/2020	31/12/2019	Change	
Loans to banks	9,868	9,435	432	4.6%
Loans to customers	91,711	91,204	507	0.6%
Securities	21,921	19,538	2,383	12.2%
Cash and other assets	41,280	32,022	9,257	28.9%
Total	**164,779**	**152,200**	**12,580**	**8.3%**

Growth in loans to customers was limited by the sharp currency devaluations and consequently showed only a slight 1 per cent increase to € 91,711 million. The largest increase was recorded at head office (up € 2,647 million or 10 per cent to € 27,941 million), primarily driven by loans to other financial corporations (up € 1,417 million), loans to non-financial corporations (up € 804 million), as well as loans to general governments (up € 442 million). In Slovakia, loans to customers grew € 399 million or 4 per cent to € 11,356 million, with loans to non-financial corporations up more than 6 per cent. On the other hand, there were declines in Russia and the Czech Republic as a result of currency depreciation, however on a local currency basis there was growth in lending to both non-financial corporations and households. Due to currency depreciation, loans to customers declined in both Russia (down € 2,314 million or 20 per cent to € 9,031 million), and in the Czech Republic (down € 396 million or 3 per cent to € 11,476 million).

Securities – which mainly consists of debt securities – increased € 2,383 million to € 21,921 million, primarily due to the investment of liquidity in government bonds, mainly at head office (up € 1,015 million), in the Czech Republic (up € 696 million), and in Slovakia (up € 634 million).

Cash and other assets increased € 9,257 million to € 41,280 million since the beginning of the year. The growth was predominantly in cash balances, which increased € 9,100 million to € 33,389 million, primarily driven by head office, where cash holdings increased € 7,736 million, mainly in the form of balances held at the Austrian National Bank and repo transactions. The Group's strong liquidity position enables it to respond quickly in times of crisis, especially in the event that market-sensitive sources of refinancing become unavailable.

Equity and liabilities

in € million	30/9/2020	31/12/2019	Change	
Deposits from banks	30,212	23,607	6,605	28.0%
Deposits from customers	99,800	96,214	3,587	3.7%
Debt securities issued and other liabilities	20,730	18,614	2,117	11.4%
Equity	14,036	13,765	271	2.0%
Total	**164,779**	**152,200**	**12,580**	**8.3%**

The Group's funding from banks, which mainly relates to short-term deposits and repo transactions at head office, rose 28 per cent or € 6,605 million to € 30,212 million.

Deposits from customers grew 4 per cent (€ 3,587 million) to € 99,800 million despite strong currency depreciation. The largest increases occurred at head office (up € 2,001 million, or 9 per cent, mainly driven by short term deposits from non-financial corporations), in Romania (up € 904 million, or 12 per cent, principally driven by deposits from households), in Bulgaria (up € 447 million), in Slovakia (up € 432 million), in Serbia (up € 384 million), as well as in Hungary (up € 323 million) and the Czech Republic (up € 278 million). In contrast, in Russia there was a currency-related decline of 12 per cent or € 1,645 million.

The € 2,117 million increase in debt securities and other liabilities to € 20,730 million, stemmed mainly from head office (up € 1,704 million), as a result of the issuance of new debt securities (net increase of € 1,131 million). Among the debt securities issued by RBI were a € 750 million benchmark bond as well as a € 500 million subordinated bond.

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 rose € 271 million from the start of the year to € 14,036 million.

In July 2020, RBI AG issued € 500 million of perpetual additional tier 1 capital (AT1).

The total comprehensive income of minus € 169 million comprised profit after tax of € 679 million and other comprehensive income of minus € 849 million. Currency movements since the beginning of the year had a negative impact of € 1,051 million. The 31 per cent depreciation of the Russian ruble led to a negative contribution of € 638 million, and the 25 per cent depreciation of the Ukrainian hryvnia resulted in a loss of € 116 million. Furthermore, the Czech koruna declined by 7 per cent (negative impact of € 113 million), the Belarusian ruble by 29 per cent (negative impact of € 90 million), and the Hungarian forint by 11 per cent (negative impact of € 73 million). The currency depreciation was partially offset by a € 187 million valuation gain from hedges relating to net investments, primarily in Russian rubles.

On 16 September 2020, in line with the European Central Bank's recommendation on dividend payments, the Management Board decided to propose to the Annual General Meeting on 20 October 2020, to carry forward the entire net profit for the financial year 2019 (€ 331,662,036.45). The proposed resolution was approved by the Annual General Meeting.

Nevertheless, at the beginning of 2021, the Management Board intends to reevaluate, taking into consideration capital requirements for the coming period, any existing dividend recommendation from regulatory authorities, as well as the economic impact of the COVID-19 crisis, whether a later distribution of the 2019 stated net profit should be proposed at an extraordinary general meeting.

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

Common equity tier 1 (CET1) after deductions amounted to € 10,055 million, representing a € 807 million reduction compared to the 2019 year-end figure. Material factors behind the reduction were foreign exchange effects directly recognized in equity and new provisioning for impairment losses. The dividend proposal originally announced for the 2019 financial year (€ 1 per share) and the budgeted dividend proposal for 2020 remain deducted from CET1. Tier 1 capital after deductions declined € 314 million to € 11,778 million. While the decline was caused by the reduction in CET1, Tier 1 capital was increased by the issuance of € 500 million of additional tier 1 capital in July. Tier 2 capital rose € 210 million to € 2,150 million. The increase was driven by the issuance of a Tier 2 bond in June, offset by the regulatory amortization of outstanding issues. Total capital amounted to € 13,928 million, representing a reduction of € 104 million compared to the 2019 year-end figure.

Total risk-weighted assets (RWA) increased € 2,180 million from the end of 2019 to € 80,146 million. 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 contrasted with negative currency effects, especially from the Russian ruble, the Ukrainian hryvnia, and the Czech koruna, and the impact of rating downgrades. An increase in market risk, mainly driven by the rise in volatility caused by the COVID-19 pandemic, also contributed to an increase in RWA. Including the result for the period, the (fully loaded) ratios were as follows: The CET 1 ratio fell 0.9 percentage points to 13.1 per cent, the tier 1 ratio was 15.1 per cent (down 0.3 percentage points), and the total capital ratio was 17.8 per cent (down 0.1 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

There were no significant events after the reporting date.

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 companies valued at equity 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.

As of the first quarter 2020, the calculation of equity in the segments is based on the equity shown in the statement of financial position. 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	1/1-30/9 2020	1/1-30/9 2019[1]	Change	Q3/2020	Q2/2020	Change
Net interest income	598	635	(5.7)%	185	196	(5.8)%
Dividend income	2	4	(40.6)%	0	2	(99.2)%
Current income from investments in associates	2	4	(41.7)%	1	0	277.0%
Net fee and commission income	303	329	(7.8)%	101	94	6.5%
Net trading income and fair value result	6	(10)	–	(1)	9	–
Net gains/losses from hedge accounting	1	0	–	1	(3)	–
Other net operating income	9	(11)	–	(5)	(3)	73.9%
Operating income	**922**	**950**	**(2.9)%**	**281**	**296**	**(5.2)%**
General administrative expenses	(493)	(533)	(7.6)%	(163)	(156)	4.9%
Operating result	**429**	**416**	**3.1%**	**118**	**141**	**(16.3)%**
Other result	(39)	(1)	>500.0%	(14)	(14)	2.4%
Levies and special governmental measures	(62)	(52)	19.4%	(1)	(15)	(92.4)%
Impairment losses on financial assets	(120)	21	–	(29)	(41)	(29.4)%
Profit/loss before tax	**207**	**384**	**(46.2)%**	**73**	**71**	**3.7%**
Income taxes	(49)	(93)	(47.6)%	(20)	(13)	50.2%
Profit/loss after tax	**158**	**291**	**(45.7)%**	**53**	**57**	**(7.0)%**
Return on equity before tax	8.2%	16.1%	(7.9) PP	8.7%	8.4%	0.3 PP
Return on equity after tax	6.3%	12.2%	(6.0) PP	6.3%	6.8%	(0.5) PP
Net interest margin (average interest-bearing assets)	1.92%	2.15%	(0.23) PP	1.74%	1.91%	(0.17) PP
Cost/income ratio	53.5%	56.2%	(2.7) PP	58.1%	52.5%	5.6 PP
Loan/deposit ratio	93.9%	102.6%	(8.8) PP	93.9%	95.8%	(1.9) PP
Provisioning ratio (average loans to customers)	0.54%	(0.10)%	0.64 PP	0.39%	0.56%	(0.17) PP
NPE ratio	1.9%	2.3%	(0.4) PP	1.9%	2.1%	(0.2) PP
NPE coverage ratio	65.0%	59.1%	5.9 PP	65.0%	63.3%	1.7 PP
Assets	43,986	41,593	5.8%	43,986	43,599	0.9%
Total risk-weighted assets (RWA)	20,710	21,705	(4.6)%	20,710	21,065	(1.7)%
Equity	3,330	3,104	7.3%	3,330	3,367	(1.1)%
Loans to customers	29,571	29,284	1.0%	29,571	29,615	(0.1)%
Deposits from customers	32,995	30,367	8.7%	32,995	32,617	1.2%
Business outlets	376	393	(4.3)%	376	378	(0.5)%
Employees as at reporting date (full-time equivalents)	9,325	9,909	(5.9)%	9,325	9,299	0.3%
Customers in million	2.7	2.6	4.9%	2.7	2.8	(0.7)%

1 Previous-year figures adapted due to changed allocation. For further details, please refer to the notes under changes to the income statement.

Segment performance

Profit after tax in the Central Europe segment was down € 133 million year-on-year to € 158 million, mainly due to higher impairment losses resulting from COVID-19. The decrease in profit after tax amounted to € 87 million in the Czech Republic, € 34 million in Hungary and € 19 million in Slovakia.

Operating income

Net interest income declined 6 per cent year-on-year, or € 36 million, to € 598 million. This mainly reflected a decrease of € 43 million in net interest income in the Czech Republic because of lower interest income from repo transactions and customer loans as a result of changes in key interest rates. In contrast, in Hungary, higher lending volumes led to a € 6 million rise in net interest income. In Slovakia, net interest income remained unchanged. The segment's net interest margin declined 23 basis points to 1.92 per cent, primarily driven by a reduction of 44 basis points in the margin in the Czech Republic.

Net fee and commission income fell 8 per cent year-on-year, or € 26 million, to € 303 million. Net fee and commission income in Slovakia declined primarily as a result of a change in the segment allocation of a Group unit, while in Hungary – mainly as a result of volume- and margin-related decreases in clearing, settlement and payment services and in the foreign exchange business – there was a decline of € 9 million to € 102 million. In the Czech Republic, income decreased € 7 million to € 91 million, principally due to a change in legislation relating to clearing, settlement and payment services.

The net trading income and fair value result rose € 16 million year-on-year, mainly through higher income from the valuation of debt securities in Slovakia and of derivatives in Hungary.

Other net operating income improved € 20 million, largely due to the release of a provision for litigation in Slovakia (€ 18 million).

General administrative expenses

General administrative expenses decreased 8 per cent year-on-year, or € 41 million, to € 493 million, primarily as a result of a change in the segment allocation of a Group unit (down € 13 million) and lower staff and advertising expenses in Slovakia due to the COVID-19 pandemic. In Hungary, staff expenses declined € 6 million due to COVID-19 short-time work schemes, while other administrative expenses fell € 4 million, primarily because of a reduction in deposit insurance fees. In the Czech Republic, staff expenses decreased € 5 million due to a decline in the average number of staff, while other administrative expenses reduced as a result of declines of € 4 million in both advertising and in consulting expenses.

The average number of employees in the segment fell 344 to 9,492, also due to a change in the segment allocation of a Group unit (down 160) and developments in the Czech Republic (down 109). The cost/income ratio increased 2.7 percentage points year-on-year to 53.5 per cent.

Other result

The other result amounted to minus € 39 million, compared to minus € 1 million in the same period of the previous year. The change was mainly driven by an increase of € 28 million in allocations to credit-linked and portfolio-based provisions for litigation related to mortgage loans denominated in or indexed to a foreign currency in Poland. The provision was adjusted in response to changes in the statistical assumptions underlying the calculation model. In addition, net modification losses of € 10 million were booked in Hungary and the Czech Republic due to COVID-19 measures. These related to temporary customer loan payment holidays of six or nine months decreed by the government.

Levies and special governmental measures

The expense for levies and special governmental measures rose € 10 million year-on-year to € 62 million. The increase of € 7 million in bank levies to € 43 million was caused by the doubling of the bank levy in Slovakia. At the end of June, the bank levy in Slovakia was abolished for the second half of 2020. 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 were largely recognized in full at the start of the year, increased € 3 million to € 20 million.

Impairment losses on financial assets

Impairment losses on financial assets amounted to € 120 million in the reporting period, following a net release of € 21 million in the comparable period of the previous year. In stage 1 and stage 2, net impairments of € 70 million (up € 84 million) were recognized in the reporting period. The increase was mainly due to the worsening macroeconomic outlook resulting from the impact of the COVID-19 pandemic and on the industries and individuals working in those industries within RBI's customer base. This included impairments of € 28 million for loans to households, mainly in Poland (€ 14 million) and Hungary (€ 8 million), as well as € 40 million for loans to non-financial corporations, mainly in Slovakia (€ 15 million), the Czech Republic (€ 12 million), and Hungary (€ 10 million). In stage 3 (defaulted loans), net impairments of € 46 million were allocated (previous year: net release of € 3 million), of which € 37 million related to non-financial corporations, particularly in Slovakia (€ 21 million) and the Czech Republic (€ 16 million), and € 9 million to households.

The NPE ratio was 1.9 per cent as at 30 September 2020 (down 0.4 percentage points year-on-year). The NPE coverage ratio improved 5.9 percentage points to 65.0 per cent.

Detailed results of individual countries:

in € million	Poland 1/1-30/9 2020	Poland 1/1-30/9 2019[1]	Slovakia 1/1-30/9 2020	Slovakia 1/1-30/9 2019[1]
Net interest income	12	11	219	219
Dividend income	0	0	0	0
Current income from investments in associates	0	0	2	4
Net fee and commission income	2	2	108	119
Net trading income and fair value result	1	1	12	2
Net gains/losses from hedge accounting	0	0	0	0
Other net operating income	0	(1)	19	2
Operating income	**14**	**13**	**360**	**346**
General administrative expenses	(15)	(16)	(168)	(191)
Operating result	**(1)**	**(3)**	**192**	**155**
Other result	(30)	(2)	0	(1)
Levies and special governmental measures	(4)	(5)	(30)	(22)
Impairment losses on financial assets	(10)	(15)	(58)	(6)
Profit/loss before tax	**(44)**	**(25)**	**104**	**126**
Income taxes	0	(26)	(22)	(24)
Profit/loss after tax	**(44)**	**(51)**	**83**	**102**
Return on equity before tax	–	–	10.6%	13.9%
Return on equity after tax	–	–	8.4%	11.2%
Net interest margin (average interest-bearing assets)	0.54%	0.45%	2.06%	2.24%
Cost/income ratio	–	–	46.7%	55.1%
Loan/deposit ratio	–	–	96.1%	101.6%
Provisioning ratio (average loans to customers)	0.45%	0.67%	0.69%	0.08%
NPE ratio	6.7%	10.1%	1.6%	1.6%
NPE coverage ratio	80.0%	51.3%	68.1%	70.1%
Assets	2,793	3,147	15,207	14,154
Total risk-weighted assets (RWA)	3,357	3,820	6,104	6,229
Equity	–	–	1,393	1,311
Loans to customers	2,734	3,009	11,356	10,807
Deposits from customers	13	18	12,393	11,381
Business outlets	1	1	175	184
Employees as at reporting date (full-time equivalents)	240	214	3,639	4,035
Customers in million	0.0	0.0	1.0	0.9

1 Previous-year figures adapted due to changed allocation. For further details, please refer to the notes under changes to the income statement.

in € million	Czech Republic 1/1-30/9 2020	Czech Republic 1/1-30/9 2019	Hungary 1/1-30/9 2020	Hungary 1/1-30/9 2019
Net interest income	256	299	111	105
Dividend income	0	2	2	2
Net fee and commission income	91	97	102	111
Net trading income and fair value result	(8)	(12)	2	(1)
Net gains/losses from hedge accounting	0	0	1	0
Other net operating income	16	19	(31)	(39)
Operating income	**355**	**406**	**187**	**178**
General administrative expenses	(202)	(210)	(108)	(116)
Operating result	**153**	**196**	**79**	**62**
Other result	(4)	2	(6)	0
Levies and special governmental measures	(10)	(9)	(17)	(17)
Impairment losses on financial assets	(41)	10	(13)	32
Profit/loss before tax	**99**	**200**	**43**	**78**
Income taxes	(17)	(32)	(10)	(11)
Profit/loss after tax	**82**	**168**	**33**	**67**
Return on equity before tax	9.1%	20.7%	8.6%	15.5%
Return on equity after tax	7.5%	17.4%	6.7%	13.4%
Net interest margin (average interest-bearing assets)	1.98%	2.41%	1.91%	1.93%
Cost/income ratio	56.8%	51.6%	57.7%	65.1%
Loan/deposit ratio	81.1%	90.2%	69.9%	74.5%
Provisioning ratio (average loans to customers)	0.47%	(0.12)%	0.43%	(1.19)%
NPE ratio	1.2%	1.2%	2.1%	2.3%
NPE coverage ratio	59.9%	62.4%	52.6%	60.1%
Assets	18,208	17,133	8,203	7,784
Total risk-weighted assets (RWA)	7,648	7,954	3,566	3,637
Equity	1,474	1,431	660	708
Loans to customers	11,476	11,698	3,993	3,752
Deposits from customers	14,385	13,176	6,205	5,792
Business outlets	127	136	72	71
Employees as at reporting date (full-time equivalents)	3,166	3,425	2,271	2,225
Customers in million	1.2	1.2	0.4	0.5

Southeastern Europe

in € million	1/1-30/9 2020	1/1-30/9 2019[1]	Change	Q3/2020	Q2/2020	Change
Net interest income	639	646	(1.1)%	209	211	(1.2)%
Dividend income	3	7	(58.6)%	0	2	(88.5)%
Net fee and commission income	280	314	(10.8)%	101	83	21.6%
Net trading income and fair value result	29	23	23.4%	11	10	5.4%
Net gains/losses from hedge accounting	0	0	(79.5)%	0	0	–
Other net operating income	2	(15)	–	(2)	2	–
Operating income	**953**	**976**	**(2.3)%**	**318**	**308**	**3.4%**
General administrative expenses	(518)	(528)	(2.0)%	(167)	(172)	(2.9)%
Operating result	**435**	**448**	**(2.8)%**	**151**	**136**	**11.3%**
Other result	(18)	(21)	(17.2)%	11	(17)	–
Levies and special governmental measures	(19)	(15)	24.6%	(1)	(3)	(55.5)%
Impairment losses on financial assets	(133)	(45)	195.0%	(34)	(48)	(29.6)%
Profit/loss before tax	**266**	**366**	**(27.4)%**	**127**	**69**	**85.3%**
Income taxes	(41)	(58)	(29.1)%	(18)	(13)	38.1%
Profit/loss after tax	**225**	**308**	**(27.1)%**	**110**	**56**	**96.1%**
Return on equity before tax	10.7%	16.1%	(5.3) PP	15.4%	8.3%	7.1 PP
Return on equity after tax	9.1%	13.5%	(4.5) PP	13.3%	6.8%	6.5 PP
Net interest margin (average interest-bearing assets)	3.31%	3.63%	(0.32) PP	3.18%	3.27%	(0.09) PP
Cost/income ratio	54.3%	54.1%	0.2 PP	52.5%	55.8%	(3.4) PP
Loan/deposit ratio	68.3%	75.0%	(6.7) PP	68.3%	70.8%	(2.5) PP
Provisioning ratio (average loans to customers)	1.11%	0.40%	0.71 PP	0.84%	1.21%	(0.37) PP
NPE ratio	2.7%	3.1%	(0.4) PP	2.7%	2.9%	(0.1) PP
NPE coverage ratio	71.0%	67.8%	3.2 PP	71.0%	70.0%	1.0 PP
Assets	29,187	26,542	10.0%	29,187	28,094	3.9%
Total risk-weighted assets (RWA)	16,679	15,729	6.0%	16,679	16,417	1.6%
Equity	3,297	2,893	14.0%	3,297	3,300	(0.1)%
Loans to customers	16,140	15,688	2.9%	16,140	15,998	0.9%
Deposits from customers	23,513	21,099	11.4%	23,513	22,582	4.1%
Business outlets	880	911	(3.4)%	880	892	(1.3)%
Employees as at reporting date (full-time equivalents)	14,444	14,483	(0.3)%	14,444	14,448	0.0%
Customers in million	5.4	5.3	0.2%	5.4	5.4	(0.9)%

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

Segment performance

The Southeastern Europe segment's profit after tax declined 27 per cent, or € 83 million, year-on-year to € 225 million. This was principally due to an increase of € 88 million in risk costs, caused mainly by adjustments related to COVID-19 (deterioration in macroeconomic data and structural effects on specific industries) and loan defaults, mostly among households.

Operating income

Net interest income fell 1 per cent, or € 7 million, year-on-year to € 639 million. The strongest decline of € 4 million was seen in Croatia, due to lower interest rates, especially for corporate customers. Albania reported a decrease of € 3 million as a result of lower volumes and interest rates. In Bosnia and Herzegovina, net interest income was also down € 3 million, reflecting lower interest income from customer loans. In Bulgaria, higher volumes were responsible for a € 2 million rise in net interest income, while lower market interest rates led to a decrease of € 2 million in net interest income in Serbia. The segment's net interest margin fell 32 basis points to 3.31 per cent. This was attributable primarily to a reduction of 72 basis points in the margin in Serbia, reflecting changes in key interest rates.

Dividend income was down € 4 million to € 3 million as a result of lower distributions in Bulgaria and Romania.

Net fee and commission income declined 11 per cent, or € 34 million, year-on-year to € 280 million. Mainly as a result of the COVID-19 pandemic, reductions in fee and commission income of € 13 million and € 9 million were reported in Romania and Croatia, respectively, in clearing, settlement and payment services, and foreign exchange business. In Bulgaria, lower margins led to a fall of € 4 million in net fee and commission income, primarily in clearing, settlement and payment services. In both Serbia and Albania, there were reported declines of € 3 million due to lower volumes, mostly in clearing, settlement and payment services, and in loan and guarantee business.

Net trading income and the fair value result increased € 5 million year-on-year to € 29 million. Decreases in the valuation of debt securities, other financial liabilities and derivatives were more than offset by higher income from currency translation.

Other net operating income improved € 16 million to € 2 million, primarily in Romania (increase of € 20 million), reflecting a provision recognized in the previous year for litigation in connection with state subsidies for building society savings. This was partially offset by a decline of € 13 million as a result of the changed segment allocation of several Group units.

General administrative expenses

General administrative expenses declined 2 per cent, or € 10 million, year-on-year to € 518 million. Staff expenses increased moderately by 1 per cent, or € 1 million, to € 240 million, driven mainly by salary adjustments in Romania and Bulgaria. Other administrative expenses fell € 15 million to € 189 million, due to lower deposit insurance fees in Romania (€ 6 million) and Serbia (€ 2 million). Further pandemic-related decreases in other administrative expenses were reported in Romania, with advertising and consulting expenses both down € 4 million. The fall in the average number of employees of 103 to 14,470 was driven mainly by developments in Bosnia and Herzegovina (down 69), and Croatia (down 56). The number of business outlets in the segment was down 31 year-on-year to 880, which primarily reflected closures in Romania. The cost/income ratio increased moderately from 54.1 to 54.3 per cent.

Other result

The other result improved € 4 million to minus € 18 million. The main drivers were a decrease of € 3 million in net allocations to credit-linked and portfolio-based provisions for litigation and a decrease of € 4 million in impairment losses on non-financial assets, primarily in Romania. In contrast, net modification losses due to COVID-19 measures were up € 2 million, mostly in Romania.

Levies and special governmental measures

Expenses for levies and special governmental measures rose € 4 million, year-on-year, to € 19 million. The increase resulted from higher contributions to the resolution funds in Bulgaria and Romania.

Impairment losses on financial assets

Impairment losses on financial assets amounted to € 133 million in the reporting period compared to € 45 million in the same period of the previous year. Net impairments of € 82 million (increase of € 69 million) were recognized in stage 1 and stage 2 in the reporting period. Forward-looking information and forecasts relating to the impact of the COVID-19 pandemic on industries and individuals working in those industries in RBI's customer portfolio were taken into account. The impairments totaled € 50 million for loans to households, mainly in Romania (€ 21 million), Bulgaria (€ 14 million) and Serbia (€ 6 million), as well as € 30 million for loans to non-financial corporations, in Bulgaria (€ 12 million), Bosnia and Herzegovina (€ 8 million) and Croatia (€ 5 million). In stage 3 (defaulted loans), net impairments of € 42 million were recognized (increase of € 5 million), of which € 44 million related to loans to households, predominantly in Romania (€ 16 million), Croatia (€ 11 million) and Bulgaria (€ 9 million). In contrast, there was a net release of € 2 million for loans to non-financial corporations, mostly in Bulgaria.

The NPE ratio was down 0.4 percentage points year-on-year to 2.7 per cent. The NPE coverage ratio rose 3.2 percentage points to 71.0 per cent.

Detailed results of the individual countries:

in € million	Albania 1/1-30/9 2020	Albania 1/1-30/9 2019	Bosnia and Herzegovina 1/1-30/9 2020	Bosnia and Herzegovina 1/1-30/9 2019	Bulgaria 1/1-30/9 2020	Bulgaria 1/1-30/9 2019
Net interest income	40	43	48	51	86	84
Dividend income	0	0	1	1	2	3
Net fee and commission income	10	12	30	31	37	42
Net trading income and fair value result	4	2	2	1	1	2
Other net operating income	(1)	1	0	0	0	3
Operating income	**53**	**59**	**80**	**85**	**126**	**135**
General administrative expenses	(32)	(33)	(42)	(42)	(71)	(69)
Operating result	**21**	**26**	**38**	**42**	**55**	**66**
Other result	0	0	0	0	0	0
Levies and special governmental measures	(1)	(1)	0	0	(9)	(5)
Impairment losses on financial assets	(8)	1	(15)	(13)	(33)	5
Profit/loss before tax	**13**	**26**	**23**	**30**	**13**	**65**
Income taxes	(2)	(4)	(3)	(3)	(1)	(6)
Profit/loss after tax	**11**	**23**	**20**	**26**	**12**	**59**
Return on equity before tax	7.6%	16.1%	10.4%	14.0%	3.8%	20.1%
Return on equity after tax	6.4%	13.9%	9.0%	12.5%	3.4%	18.2%
Net interest margin (average interest-bearing assets)	3.10%	3.32%	3.03%	3.26%	2.51%	2.79%
Cost/income ratio	60.0%	55.4%	52.1%	49.9%	56.2%	51.2%
Loan/deposit ratio	47.2%	52.9%	71.4%	74.6%	73.9%	83.9%
Provisioning ratio (average loans to customers)	1.35%	(0.21)%	1.53%	1.29%	1.47%	(0.25)%
NPE ratio	5.5%	5.6%	4.2%	3.6%	1.8%	1.8%
NPE coverage ratio	71.5%	73.0%	75.6%	89.3%	63.3%	68.6%
Assets	1,867	1,818	2,455	2,440	5,043	4,475
Total risk-weighted assets (RWA)	1,373	1,318	1,987	1,937	2,639	2,380
Equity	238	231	315	287	476	461
Loans to customers	729	773	1,315	1,329	3,040	2,935
Deposits from customers	1,594	1,521	1,973	1,897	4,170	3,535
Business outlets	77	78	103	103	147	148
Employees as at reporting date (full-time equivalents)	1,277	1,233	1,290	1,349	2,575	2,641
Customers in million	0.5	0.4	0.4	0.4	0.6	0.6

in € million	Croatia 1/1-30/9 2020	1/1-30/9 2019[1]	Romania 1/1-30/9 2020	1/1-30/9 2019[1]	Serbia 1/1-30/9 2020	1/1-30/9 2019
Net interest income	87	91	279	278	64	66
Dividend income	0	1	0	2	0	0
Net fee and commission income	47	56	115	128	35	38
Net trading income and fair value result	1	4	16	9	5	6
Other net operating income	0	1	(5)	(25)	7	4
Operating income	**135**	**152**	**405**	**391**	**111**	**113**
General administrative expenses	(87)	(89)	(208)	(214)	(56)	(60)
Operating result	**48**	**63**	**197**	**178**	**55**	**54**
Other result	(9)	(8)	(8)	(13)	0	0
Levies and special governmental measures	(3)	(2)	(6)	(4)	0	(3)
Impairment losses on financial assets	(17)	(4)	(44)	(29)	(8)	(2)
Profit/loss before tax	**18**	**49**	**139**	**131**	**47**	**48**
Income taxes	(6)	(11)	(21)	(26)	(6)	(6)
Profit/loss after tax	**12**	**38**	**117**	**105**	**41**	**42**
Return on equity before tax	3.6%	10.3%	18.5%	20.4%	11.9%	12.9%
Return on equity after tax	2.4%	8.0%	15.6%	16.3%	10.4%	11.3%
Net interest margin (average interest-bearing assets)	2.50%	2.76%	4.15%	4.48%	3.08%	3.81%
Cost/income ratio	64.5%	58.4%	51.3%	54.6%	50.3%	52.8%
Loan/deposit ratio	68.4%	69.8%	67.5%	77.4%	67.7%	73.8%
Provisioning ratio (average loans to customers)	0.87%	0.25%	0.99%	0.69%	0.67%	0.22%
NPE ratio	3.2%	3.6%	2.6%	3.4%	1.6%	1.9%
NPE coverage ratio	71.0%	73.2%	71.9%	55.4%	72.0%	75.3%
Assets	5,145	4,811	10,355	9,218	3,234	2,758
Total risk-weighted assets (RWA)	2,780	2,677	5,006	4,918	2,134	1,787
Equity	677	665	1,109	920	565	511
Loans to customers	2,690	2,509	5,951	5,957	1,690	1,513
Deposits from customers	3,836	3,754	8,495	7,466	2,550	2,102
Business outlets	75	77	344	369	87	88
Employees as at reporting date (full-time equivalents)	1,816	1,852	5,090	4,971	1,550	1,582
Customers in million	0.5	0.5	2.2	2.3	0.8	0.8

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

Eastern Europe

in € million	1/1-30/9 2020	1/1-30/9 2019	Change	Q3/2020	Q2/2020	Change
Net interest income	820	829	(1.1)%	244	278	(12.1)%
Dividend income	2	1	30.7%	2	0	>500.0%
Net fee and commission income	372	392	(5.2)%	126	118	6.7%
Net trading income and fair value result	50	36	40.9%	13	8	64.3%
Net gains/losses from hedge accounting	(1)	0	-	(1)	0	154.1%
Other net operating income	(13)	(7)	99.4%	(5)	(5)	(7.4)%
Operating income	**1,231**	**1,252**	**(1.7)%**	**379**	**398**	**(4.8)%**
General administrative expenses	(476)	(510)	(6.8)%	(146)	(155)	(5.5)%
Operating result	**755**	**742**	**1.7%**	**232**	**243**	**(4.3)%**
Other result	(13)	(2)	407.7%	(3)	(8)	(62.6)%
Impairment losses on financial assets	(124)	(32)	280.7%	(38)	(59)	(34.5)%
Profit/loss before tax	**619**	**707**	**(12.5)%**	**191**	**176**	**8.4%**
Income taxes	(130)	(149)	(12.9)%	(40)	(37)	7.8%
Profit/loss after tax	**489**	**558**	**(12.4)%**	**151**	**139**	**8.6%**
Return on equity before tax	29.1%	36.0%	(6.9) PP	26.9%	23.1%	3.8 PP
Return on equity after tax	23.0%	28.4%	(5.4) PP	21.2%	18.2%	3.0 PP
Net interest margin (average interest-bearing assets)	5.41%	5.79%	(0.38) PP	5.00%	5.48%	(0.48) PP
Cost/income ratio	38.6%	40.7%	(2.1) PP	38.6%	39.0%	(0.3) PP
Loan/deposit ratio	73.6%	87.5%	(13.8) PP	73.6%	79.2%	(5.6) PP
Provisioning ratio (average loans to customers)	1.26%	0.35%	0.91 PP	1.24%	1.83%	(0.60) PP
NPE ratio	2.3%	2.4%	0.0 PP	2.3%	2.4%	(0.1) PP
NPE coverage ratio	56.3%	58.6%	(2.3) PP	56.3%	57.5%	(1.2) PP
Assets	20,506	21,561	(4.9)%	20,506	21,625	(5.2)%
Total risk-weighted assets (RWA)	12,639	14,903	(15.2)%	12,639	14,326	(11.8)%
Equity	2,206	2,669	(17.4)%	2,206	2,961	(25.5)%
Loans to customers	11,598	13,882	(16.5)%	11,598	13,219	(12.3)%
Deposits from customers	15,962	16,066	(0.6)%	15,962	16,779	(4.9)%
Business outlets	681	768	(11.3)%	681	690	(1.3)%
Employees as at reporting date (full-time equivalents)	17,530	18,737	(6.4)%	17,530	17,928	(2.2)%
Customers in million	6.8	6.6	2.8%	6.8	6.6	2.6%

Segment performance

The segment's profit after tax fell € 69 million, or 12 per cent, year-on-year to € 489 million. While the operating result was up, largely as a result of a currency-related decline in general administrative expenses, the other result was lower and impairment losses on financial assets also increased. As in the previous year, the Eastern Europe segment was affected by currency volatility in the reporting period. The average exchange rate of the Belarusian ruble and Russian ruble depreciated by 15 per cent and 10 per cent respectively, while that of the Ukrainian hryvnia depreciated by 1 per cent. The reporting date exchange rates were also down since the beginning of 2020, due to cuts in key interest rates, the oil price trend, and latest geopolitical developments (Russian ruble 31 per cent, Belarusian ruble 29 per cent and Ukrainian hryvnia 25 per cent).

Operating income

Net interest income in the Eastern Europe segment was down 1 per cent, or € 9 million, year-on-year to € 820 million. The largest decrease was reported in Belarus (down € 12 million), reflecting lower market interest rates and higher refinancing costs in local currency. In Russia, net interest income was unchanged as a result of currency effects. In local currency, a rise of 10 per cent was recorded. In Ukraine, net interest income was up € 2 million due to increased interest income from government bonds. The segment's net interest margin declined 38 basis points year-on-year to 5.41 per cent, reflecting the negative trend in margins in Ukraine resulting from numerous interest rate cuts.

Net fee and commission income was similarly down 5 per cent, or € 20 million, to € 372 million. In Ukraine, the decline was largely as a result of a change in the segment allocation of a Group unit. In Russia, the volume- and currency-related fall of € 10 million in net fee and commission income to € 263 million was mainly in clearing, settlement and payment services.

The net trading income and fair value result rose from € 36 million, in the comparable period of the previous year, to € 50 million in the reporting period. In Belarus and Ukraine, there were reported increases of € 8 million and € 3 million, respectively, which mainly reflected a higher net gain on currency translation, while the € 4 million increase in Russia was primarily due to the valuation of debt securities.

Other net operating income decreased € 7 million to minus € 13 million, reflecting losses from the derecognition of financial assets in Russia (down € 8 million), as well as the change in the segment allocation of a Group unit (down € 3 million). However, there was an increase of € 5 million resulting from provisions for litigation in Russia in the comparable period of the previous year.

General administrative expenses

The segment's general administrative expenses declined € 35 million year-on-year to € 476 million, mainly due to currency developments in Russia and Belarus. The average number of employees decreased by 847 to 17,915, which was driven largely by branch closures in Russia (down 45) and Ukraine (down 40). In addition, the change in the segment allocation of a Group unit led to a decline in the average number of employees (down 279). Currency developments in Russia and Belarus were responsible for the reduction of € 5 million in staff expenses. Other administrative expenses fell 13 per cent or € 21 million to € 140 million. The decline was primarily attributable to currency developments and a € 10 million decrease in deposit insurance fees in Russia as a consequence of governmental support measures in connection with the COVID-19 pandemic. Depreciation was down from € 69 million to € 60 million, largely as a result of lower depreciation of intangible fixed assets and right-of-use assets in Russia. The cost/income ratio improved from 40.7 per cent to 38.6 per cent.

Other result

The other result was minus € 13 million in the reporting period (comparable period of the previous year: minus € 2 million). This was primarily related to the effects of modifications to contractual terms (€ 11 million), of which Ukraine accounted for € 10 million in connection with restructuring measures for loans to households and non-financial corporations.

Impairment losses on financial assets

Impairment losses on financial assets amounted to € 124 million in the reporting period, compared to € 32 million in the same period of the previous year. Net impairments of € 42 million (increase of € 31 million) were recognized in stage 1 and stage 2 in the reporting period. The increase mostly reflected the worsening macroeconomic outlook and sector-specific effects in connection with COVID-19. Impairments on loans to non-financial corporations totaled € 22 million, including € 13 million in Russia and € 6 million in Belarus. Impairments on loans to households amounted to € 15 million, of which € 7 million related to Russia and € 7 million to Ukraine. In stage 3 (defaulted loans), net impairments totaled € 83 million (same period of the previous year: € 21 million), of which € 66 million related to loans to households, predominantly in Russia (€ 61 million), and € 17 million to loans to non-financial corporations, also mainly in Russia.

The NPE ratio remained constant year-on-year at 2.3 per cent, while the NPE coverage ratio fell to 56.3 per cent (down 2.3 percentage points year-on-year).

Detailed results of the individual countries:

in € million	Belarus 1/1-30/9 2020	Belarus 1/1-30/9 2019	Russia 1/1-30/9 2020	Russia 1/1-30/9 2019	Ukraine 1/1-30/9 2020	Ukraine 1/1-30/9 2019
Net interest income	64	76	571	571	185	182
Dividend income	0	0	2	1	0	0
Net fee and commission income	43	42	263	273	66	77
Net trading income and fair value result	9	2	29	25	12	9
Net gains/losses from hedge accounting	0	0	(1)	0	0	0
Other net operating income	(2)	(3)	(14)	(7)	2	3
Operating income	**115**	**117**	**851**	**864**	**265**	**272**
General administrative expenses	(50)	(54)	(310)	(334)	(115)	(123)
Operating result	**65**	**63**	**541**	**530**	**150**	**149**
Other result	0	0	(3)	(4)	(9)	2
Impairment losses on financial assets	(15)	1	(96)	(36)	(12)	3
Profit/loss before tax	**49**	**64**	**441**	**490**	**128**	**154**
Income taxes	(14)	(16)	(94)	(106)	(23)	(27)
Profit/loss after tax	**36**	**48**	**348**	**384**	**105**	**126**
Return on equity before tax	19.8%	23.9%	27.1%	34.1%	39.9%	56.5%
Return on equity after tax	14.4%	17.8%	21.4%	26.7%	32.8%	46.5%
Net interest margin (average interest-bearing assets)	4.53%	5.75%	4.90%	5.04%	8.93%	10.97%
Cost/income ratio	43.9%	46.0%	36.4%	38.7%	43.5%	45.1%
Loan/deposit ratio	92.9%	83.4%	75.7%	90.7%	53.8%	73.5%
Provisioning ratio (average loans to customers)	1.64%	(0.22)%	1.24%	0.49%	1.05%	(0.12)%
NPE ratio	1.7%	1.9%	2.1%	1.7%	3.9%	6.4%
NPE coverage ratio	82.2%	80.2%	51.3%	50.5%	62.4%	66.2%
Assets	1,901	2,133	15,496	16,502	3,114	2,928
Total risk-weighted assets (RWA)	1,518	1,774	8,448	10,164	2,674	2,964
Equity	318	398	2,018	2,350	359	479
Loans to customers	1,222	1,251	9,031	10,926	1,346	1,706
Deposits from customers	1,358	1,523	12,052	12,184	2,552	2,359
Business outlets	84	87	144	188	453	493
Employees as at reporting date (full-time equivalents)	1,709	1,764	8,922	9,178	6,899	7,795
Customers in million	0.8	0.8	3.4	3.3	2.5	2.5

Group Corporates & Markets

in € million	1/1-30/9 2020	1/1-30/9 2019[1]	Change	Q3/2020	Q2/2020	Change
Net interest income	452	455	(0.8)%	141	160	(12.0)%
Dividend income	8	15	(48.5)%	1	5	(80.4)%
Current income from investments in associates	2	1	41.5%	(1)	1	–
Net fee and commission income	300	277	8.2%	100	96	4.4%
Net trading income and fair value result	82	14	479.4%	36	59	(39.3)%
Net gains/losses from hedge accounting	0	0	50.0%	2	(1)	–
Other net operating income	79	85	(7.0)%	32	20	60.2%
Operating income	**923**	**848**	**8.8%**	**311**	**339**	**(8.3)%**
General administrative expenses	(502)	(505)	(0.6)%	(165)	(167)	(1.4)%
Operating result	**421**	**343**	**22.6%**	**146**	**172**	**(14.9)%**
Other result	(7)	1	–	(3)	(3)	(17.5)%
Levies and special governmental measures	(18)	(15)	16.1%	(5)	(5)	(5.7)%
Impairment losses on financial assets	(113)	(26)	336.8%	(81)	(8)	>500.0%
Profit/loss before tax	**283**	**303**	**(6.8)%**	**58**	**155**	**(62.7)%**
Income taxes	(59)	(67)	(11.9)%	(8)	(36)	(77.9)%
Profit/loss after tax	**224**	**236**	**(5.4)%**	**50**	**119**	**(58.1)%**
Return on equity before tax	11.2%	14.0%	(2.8) PP	6.9%	18.4%	(11.5) PP
Return on equity after tax	8.8%	10.9%	(2.1) PP	5.9%	14.1%	(8.2) PP
Net interest margin (average interest-bearing assets)	1.11%	1.27%	(0.15) PP	1.00%	1.16%	(0.16) PP
Cost/income ratio	54.4%	59.5%	(5.1) PP	52.9%	49.3%	3.7 PP
Loan/deposit ratio	126.3%	163.6%	(37.4) PP	126.3%	139.0%	(12.8) PP
Provisioning ratio (average loans to customers)	0.47%	0.32%	0.14 PP	0.96%	0.10%	0.86 PP
NPE ratio	1.7%	1.9%	(0.2) PP	1.7%	1.6%	0.1 PP
NPE coverage ratio	60.0%	55.4%	4.6 PP	60.0%	60.6%	(0.5) PP
Assets	58,569	55,974	4.6%	58,569	61,256	(4.4)%
Total risk-weighted assets (RWA)	29,303	24,267	20.8%	29,303	27,841	5.2%
Equity	3,374	3,049	10.7%	3,374	3,419	(1.3)%
Loans to customers	33,186	30,829	7.6%	33,186	33,611	(1.3)%
Deposits from customers	28,274	26,472	6.8%	28,274	28,192	0.3%
Business outlets	21	23	(8.7)%	21	22	(4.5)%
Employees as at reporting date (full-time equivalents)	3,079	2,894	6.4%	3,079	3,048	1.0%
Customers in million	2.0	2.0	(1.3)%	2.0	2.0	0.0%

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

Segment performance

Profit in the Group Corporates & Markets segment declined € 13 million year-on-year to € 224 million. Operating income was up € 75 million, while impairment losses on financial assets increased € 87 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.

Main profit contributions by sub-segment:

in € million	1/1-30/9 2020	1/1-30/9 2019	Change	Q3/2020	Q2/2020	Change
Corporates Vienna	74	122	(39.5)%	(15)	49	–
Markets Vienna	69	62	11.0%	24	46	(47.7)%
Specialized financial institution subsidiaries and other	81	52	55.4%	41	25	64.8%
Profit/loss after tax	**224**	**236**	**(5.4)%**	**50**	**119**	**(58.1)%**

Operating income

Net interest income was down 1 per cent, or € 4 million, year-on-year to € 452 million, mainly due to lower interest income at Raiffeisen Centrobank AG. The segment's net interest margin decreased 15 basis points to 1.11 per cent, as a consequence of lower market interest rates combined with an increase in average interest-bearing assets. Dividend income decreased € 7 million, mainly due to higher dividend payments in the previous year's period from unconsolidated subsidiaries and associates not valued at equity. Net fee and commission income increased 8 per cent, or € 23 million, to € 300 million. Higher fee and commission income was recorded at head office, primarily in cash management and corporate lending, in institutional investor business, as well as in investment banking. There was also a volume-related increase in income from investment fund management.

Net trading income and the fair value result improved € 68 million year-on-year. This included a positive impact from the valuation of a building society portfolio. The portfolio concerned generated a loss of € 59 million in the comparable period but was incorporated into a hedge accounting relationship in accordance with IAS 39 in the second quarter of 2019, as a result of which valuation changes have been largely neutralized since then. Results from fixed income securities trading also increased. Improved results were generated in proprietary trading as a consequence of higher volatility caused by COVID-19. Other net operating income decreased € 6 million to € 79 million, partly due to higher income from residential construction in the Raiffeisen Leasing Group and to the sale of Schuldschein loans in the previous year's period.

General administrative expenses

General administrative expenses declined 1 per cent or € 3 million to € 502 million, mainly as a result of lower IT expenses at head office. The reduction was also driven by lower advertising expenses, security expenses and travel expenses at head office, principally because of the COVID-19 pandemic. Due to increased operating income, the segment's cost/income ratio improved to 54.4 per cent.

Other result

The other result amounted to minus € 7 million in the reporting period, compared to a positive amount of € 1 million in the comparable period. This was mainly due to impairments on investments and COVID-19-related losses from loan modifications.

Impairment losses on financial assets

Impairment losses on financial assets increased € 87 million year-on-year to € 113 million. The higher risk costs were primarily incurred at head office due to industry-specific adjustments related to COVID-19, primarily on hotel and leveraged finance portfolios, and to defaults on the part of large corporate customers. The NPE ratio was 1.7 per cent as at 30 September 2020. The NPE coverage ratio stood at 60.0 per cent.

Corporate Center

in € million	1/1-30/9 2020	1/1-30/9 2019[1]	Change	Q3/2020	Q2/2020	Change
Net interest income	(62)	(74)	(15.7)%	(25)	(29)	(11.9)%
Dividend income	401	731	(45.1)%	308	75	308.7%
Current income from investments in associates	40	46	(13.0)%	22	30	(24.6)%
Net fee and commission income	20	(2)	–	7	3	169.2%
Net trading income and fair value result	(36)	(70)	(48.5)%	1	(21)	–
Net gains/losses from hedge accounting	2	1	66.1%	2	(3)	–
Other net operating income	78	67	17.2%	25	32	(24.4)%
Operating income	**442**	**699**	**(36.8)%**	**339**	**87**	**287.7%**
General administrative expenses	(278)	(266)	4.6%	(84)	(102)	(18.2)%
Operating result	**164**	**433**	**(62.1)%**	**255**	**(15)**	**–**
Other result	(151)	(22)	>500.0%	(28)	(66)	(56.9)%
Levies and special governmental measures	(74)	(59)	26.3%	1	(15)	–
Impairment losses on financial assets	(6)	1	–	(3)	(1)	192.4%
Profit/loss before tax	**(66)**	**354**	**–**	**224**	**(97)**	**–**
Income taxes	34	53	(35.5)%	(13)	32	–
Profit/loss after tax	**(32)**	**407**	**–**	**211**	**(65)**	**–**
Assets	38,772	30,987	25.1%	38,772	36,141	7.3%
Total risk-weighted assets (RWA)	13,541	13,968	(3.1)%	13,541	13,143	3.0%
Equity	7,462	6,469	15.3%	7,462	6,790	9.9%
Loans to customers	3,593	5,360	(33.0)%	3,593	3,809	(5.7)%
Deposits from customers	2,761	637	333.6%	2,761	2,203	25.3%
Business outlets	–	–	–	–	–	–
Employees as at reporting date (full-time equivalents)	1,693	1,215	39.3%	1,693	1,663	1.8%
Customers in million	0.0	0.0	165.4%	0.0	0.0	(3.7)%

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

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 and consequently having no impact on consolidated profit. The € 439 million decrease in profit in the reporting period, mainly related to higher intra-Group dividend income in the comparable period and to impairments on associates.

Operating income

The segment's net interest income improved € 12 million year-on-year to minus € 62 million. The improvement was mainly due to higher investment income from excess liquidity.

Dividend income, which comes mainly from Group units belonging to other segments and is therefore of an intra-Group nature, decreased € 330 million to € 401 million. To strengthen the equity base of credit and financial institutions in connection with COVID-19, restrictions on dividend distributions have been introduced in many countries either through recommendations issued by supervisory authorities or through legislation.

Current income from investments in associates was down € 6 million to € 40 million. The decrease mainly relates to proceeds from a sale at Raiffeisen Informatik GmbH & Co KG in the previous year's period.

Net fee and commission income improved € 21 million to € 20 million, primarily due to a change in the segment allocation of several Group units.

Net trading income and the fair value result improved € 34 million year-on-year to minus € 36 million, mostly driven by changes in the valuation of derivatives.

Other net operating income increased € 11 million to € 78 million due to the change in the segment allocation of several Group units.

General administrative expenses

General administrative expenses increased 5 per cent or € 12 million to € 278 million, largely as a consequence of the change in the segment allocation of several Group units.

Other result

The other result declined € 129 million year-on-year to minus € 151 million. This was mainly due to impairments on associates in the amount of € 110 million (increase of € 88 million), mostly relating to the investments in UNIQA Insurance Group AG, LEIPNIK-LUNDENBURGER INVEST Beteiligungs AG, and Prva stavebna sporitelna a.s., principally because of the poorer economic outlook due to the pandemic. In addition, it was necessary to recognize a € 27 million goodwill impairment with respect to Raiffeisen Kapitalanlage-Gesellschaft, with the revision of the medium-term plan due to the COVID-19 pandemic leading to a partial reduction in goodwill.

Levies and special governmental measures

The expense for levies and special governmental measures reported in the segment increased € 15 million to € 74 million. At € 46 million, 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. The head office contributions to the resolution fund allocated to the segment totaled € 27 million.

Impairment losses on financial assets

In the reporting period, impairment losses on financial assets amounted to € 6 million, compared to a net release of € 1 million in the comparable period.

Interim consolidated financial statements

(Condensed interim report as at 30 September 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 46,071 employees serve about 16.8 million clients at 1,958 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 30 September 2020 was neither fully audited nor reviewed.

Statement of comprehensive income

Income statement

in € million	Notes	1/1-30/9/2020	1/1-30/9/2019[1]
Net interest income	[1]	2,476	2,531
Interest income according to effective interest method		2,992	3,280
Interest income other		470	484
Interest expenses		(986)	(1,234)
Dividend income	[2]	19	26
Current income from investments in associates	[3]	44	51
Net fee and commission income	[4]	1,272	1,307
Fee and commission income		1,855	1,927
Fee and commission expenses		(583)	(619)
Net trading income and fair value result	[5]	95	(87)
Net gains/losses from hedge accounting	[6]	7	(7)
Other net operating income	[7]	50	13
Operating income		**3,964**	**3,833**
Staff expenses		(1,175)	(1,181)
Other administrative expenses		(702)	(784)
Depreciation		(287)	(280)
General administrative expenses	**[8]**	**(2,164)**	**(2,245)**
Operating result		**1,800**	**1,588**
Other result	[9]	(211)	(68)
Levies and special governmental measures	[10]	(173)	(141)
Impairment losses on financial assets	[11]	(497)	(80)
Profit/loss before tax		**920**	**1,299**
Income taxes	[12]	(240)	(314)
Profit/loss after tax		**679**	**985**
Profit attributable to non-controlling interests		(81)	(110)
Consolidated profit/loss		**599**	**874**

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

Earnings per share

in € million	1/1-30/9/2020	1/1-30/9/2019
Consolidated profit/loss	599	874
Dividend claim on additional tier 1	(52)	(47)
Profit/loss attributable to ordinary shares	**547**	**828**
Average number of ordinary shares outstanding in million	329	329
Earnings per share in €	**1.66**	**2.52**

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	1/1-30/9/2020	1/1-30/9/2019
Profit/loss after tax		**679**	**985**
Items which are not reclassified to profit or loss		**14**	**24**
Remeasurements of defined benefit plans	[28]	7	(10)
Fair value changes of equity instruments	[15]	(1)	29
Fair value changes due to changes in credit risk of financial liabilities	[25]	23	(12)
Share of other comprehensive income from companies valued at equity	[20]	(16)	22
Deferred taxes on items which are not reclassified to profit or loss	[22, 29]	0	(5)
Items that may be reclassified subsequently to profit or loss		**(862)**	**312**
Exchange differences		(1,051)	299
Hedge of net investments in foreign operations	[19, 27]	187	(41)
Adaptions to the cash flow hedge reserve	[19, 27]	(1)	8
Fair value changes of financial assets	[15]	5	51
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]	0	(5)
Other comprehensive income		**(849)**	**336**
Total comprehensive income		**(169)**	**1,321**
Profit attributable to non-controlling interests		(23)	(140)
hereof income statement		(81)	(110)
hereof other comprehensive income		57	(30)
Profit/loss attributable to owners of the parent		**(192)**	**1,181**

Currency developments have had a negative effect of € 1,051 million on total comprehensive income since the beginning of the year. The devaluation of the Russian ruble of 31 per cent led to a negative contribution of € 638 million, the Ukrainian hryvnia of 25 per cent led to minus € 116 million, the Czech koruna of 7 per cent to minus € 113 million, the Belarusian ruble of 29 per cent to minus € 90 million and the Hungarian forint of 11 per cent to minus € 73 million. Set against this was a hedge of net investments mostly in the Russian ruble, which resulted in a positive valuation result of € 187 million.

Statement of financial position

Assets in € million	Notes	30/9/2020	31/12/2019
Cash, cash balances at central banks and other demand deposits	[13]	33,389	24,289
Financial assets - amortized cost	[14]	115,594	110,285
Financial assets - fair value through other comprehensive income	[15, 32]	4,854	4,781
Non-trading financial assets - mandatorily fair value through profit/loss	[16, 32]	738	776
Financial assets - designated fair value through profit/loss	[17, 32]	710	2,276
Financial assets - held for trading	[18, 32]	4,222	4,182
Hedge accounting	[19]	708	397
Investments in subsidiaries and associates	[20]	925	1,107
Tangible fixed assets	[21]	1,706	1,829
Intangible fixed assets	[21]	719	757
Current tax assets	[22]	109	61
Deferred tax assets	[22]	87	144
Other assets	[23]	1,019	1,315
Total		**164,779**	**152,200**

Equity and liabilities in € million	Notes	30/9/2020	31/12/2019
Financial liabilities - amortized cost	[24]	140,356	128,764
Financial liabilities - designated fair value through profit/loss	[25, 32]	1,568	1,843
Financial liabilities - held for trading	[26, 32]	5,988	5,789
Hedge accounting	[27]	458	246
Provisions for liabilities and charges	[28]	1,035	1,083
Current tax liabilities	[29]	31	31
Deferred tax liabilities	[29]	53	38
Other liabilities	[30]	1,254	641
Equity	[31]	14,036	13,765
Consolidated equity		11,626	11,817
Non-controlling interests		781	811
Additional tier 1		1,630	1,137
Total		**164,779**	**152,200**

Statement of changes in equity

in € million	Sub-scribed capital	Capital reserves	Retained earnings	Cumulative other comprehensive income	Consoli-dated 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**
Capital increases/ decreases	0	0	0	0	0	0	497	497
Allocation dividend - AT1	0	0	(31)	0	(31)	0	31	0
Dividend payments	0	0	0	0	0	(53)	(31)	(84)
Own shares	0	0	0	0	0	0	(4)	(4)
Other changes	0	0	31	0	31	(1)	0	31
Total comprehensive income	0	0	599	(791)	(192)	23	0	(169)
Equity as at 30/9/2020	**1,002**	**4,992**	**9,042**	**(3,411)**	**11,626**	**781**	**1,630**	**14,036**

in € million	Sub-scribed capital	Capital reserves	Retained earnings	Cumulative other comprehensive income	Consoli-dated 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**
Capital increases/ decreases	0	0	0	0	0	0	0	0
Allocation dividend - AT1	0	0	(31)	0	(31)	0	31	0
Dividend payments	0	0	(306)	0	(306)	(60)	(31)	(397)
Own shares	0	0	0	0	0	0	13	13
Other changes	0	0	2	(2)	0	(6)	0	(5)
Total comprehensive income	0	0	874	307	1,181	140	0	1,321
Equity as at 30/9/2019	**1,002**	**4,992**	**8,126**	**(2,689)**	**11,431**	**775**	**1,139**	**13,344**

Statement of cash flows

in € million	Notes	1/1-30/9/2020	1/1-30/9/2019[2]
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		920	1,299
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]	317	289
Net provisioning for liabilities and charges and impairment losses on financial assets	[7, 11]	526	127
Gains/losses from the measurement and derecognition of assets and liabilities	[9]	(120)	408
Income from investments in associates	[3]	(44)	(51)
Other adjustments (net)[1]		(2,147)	(2,470)
Subtotal		**(548)**	**(398)**
Changes in assets and liabilities arising from operating activities after corrections for non-cash positions:			
Financial assets - amortized cost	[14]	(5,116)	(9,084)
Financial assets - fair value through other comprehensive income	[15, 32]	(149)	1,694
Non-trading financial assets - mandatorily fair value through profit/loss	[16, 32]	93	(27)
Financial assets - designated fair value through profit/loss	[17, 32]	1,512	(3)
Financial assets - held for trading	[18, 32]	167	9
Other assets	[23]	217	(300)
Financial liabilities - amortized cost	[24]	15,736	6,437
Financial liabilities - designated fair value through profit/loss	[25, 32]	(172)	(21)
Financial liabilities - held for trading	[26, 32]	112	278
Provisions for liabilities and charges	[28]	(140)	(122)
Other liabilities	[30]	206	(155)
Interest received	[1]	3,336	3,559
Interest paid	[1]	(1,003)	(1,109)
Dividends received	[2]	75	66
Income taxes paid	[12]	(216)	(299)
Net cash from operating activities		**14,110**	**526**

1 Other adjustments (net) 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.
2 Previous-year figures adapted due to changed allocation

in € million		1/1-30/9/2020	1/1-30/9/2019[1]
Investing activities:			
Cash and cash equivalents from disposal of subsidiaries		(1)	(26)
Payments for purchase of:			
Investment securities and shares	[14, 15, 16, 17, 20]	(6,665)	(5,434)
Tangible and intangible fixed assets	[21]	(225)	(358)
Subsidiaries		0	0
Proceeds from sale of:			
Investment securities and shares	[14, 15, 16, 17, 20]	1,664	3,584
Tangible and intangible fixed assets	[21]	52	36
Subsidiaries	[9]	0	0
Net cash from investing activities		**(5,175)**	**(2,199)**
Financing activities:			
Capital increases/decreases		493	13
Inflows subordinated financial liabilities	[24, 25]	496	503
Outflows subordinated financial liabilities	[24, 25]	(373)	(544)
Dividend payments		(84)	(397)
Net cash from financing activities		**532**	**(425)**
Effect of exchange rate changes		(368)	108
Cash, cash balances at central banks and other demand deposits as at 30/9		**33,389**	**20,567**

1 Previous-year figures adapted due to changed allocation

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 m.b.H., 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 companies valued at equity have been allocated to the Group Corporates & Markets segment: NOTARTREUHANDBANK AG, Oesterreichische Kontrollbank Aktiengesellschaft, 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.

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

Segment performance

1/1-30/9/2020 in € million	Central Europe	Southeastern Europe	Eastern Europe	Group Corporates & Markets
Net interest income	598	639	820	452
Dividend income	2	3	2	8
Current income from investments in associates	2	0	0	2
Net fee and commission income	303	280	372	300
Net trading income and fair value result	6	29	50	82
Net gains/losses from hedge accounting	1	0	(1)	0
Other net operating income	9	2	(13)	79
Operating income	**922**	**953**	**1,231**	**923**
General administrative expenses	(493)	(518)	(476)	(502)
Operating result	**429**	**435**	**755**	**421**
Other result	(39)	(18)	(13)	(7)
Levies and special governmental measures	(62)	(19)	0	(18)
Impairment losses on financial assets	(120)	(133)	(124)	(113)
Profit/loss before tax	**207**	**266**	**619**	**283**
Income taxes	(49)	(41)	(130)	(59)
Profit/loss after tax	**158**	**225**	**489**	**224**
Profit attributable to non-controlling interests	(35)	0	(37)	(12)
Profit/loss after deduction of non-controlling interests	**123**	**225**	**452**	**212**

Return on equity before tax	8.2%	10.7%	29.1%	11.2%
Return on equity after tax	6.3%	9.1%	23.0%	8.8%
Net interest margin (average interest-bearing assets)	1.92%	3.31%	5.41%	1.11%
Cost/income ratio	53.5%	54.3%	38.6%	54.4%
Loan/deposit ratio	93.9%	68.3%	73.6%	126.3%
Provisioning ratio (average loans to customers)	0.54%	1.11%	1.26%	0.47%
NPE ratio	1.9%	2.7%	2.3%	1.7%
NPE coverage ratio	65.0%	71.0%	56.3%	60.0%
Assets	43,986	29,187	20,506	58,569
Total risk-weighted assets (RWA)	20,710	16,679	12,639	29,303
Equity	3,330	3,297	2,206	3,374
Loans to customers	29,571	16,140	11,598	33,186
Deposits from customers	32,995	23,513	15,962	28,274
Business outlets	376	880	681	21
Employees as at reporting date (full-time equivalents)	9,325	14,444	17,530	3,079
Customers in million	2.7	5.4	6.8	2.0

1/1-30/9/2020 in € million	Corporate Center	Reconciliation	Total
Net interest income	(62)	29	2,476
Dividend income	401	(398)	19
Current income from investments in associates	40	0	44
Net fee and commission income	20	(2)	1,272
Net trading income and fair value result	(36)	(36)	95
Net gains/losses from hedge accounting	2	5	7
Other net operating income	78	(104)	50
Operating income	**442**	**(506)**	**3,964**
General administrative expenses	(278)	102	(2,164)
Operating result	**164**	**(404)**	**1,800**
Other result	(151)	17	(211)
Levies and special governmental measures	(74)	0	(173)
Impairment losses on financial assets	(6)	(1)	(497)
Profit/loss before tax	**(66)**	**(388)**	**920**
Income taxes	34	5	(240)
Profit/loss after tax	**(32)**	**(384)**	**679**
Profit attributable to non-controlling interests	0	4	(81)
Profit/loss after deduction of non-controlling interests	**(32)**	**(380)**	**599**
Return on equity before tax	–	–	9.1%
Return on equity after tax	–	–	6.7%
Net interest margin (average interest-bearing assets)	–	–	2.21%
Cost/income ratio	–	–	54.6%
Loan/deposit ratio	–	–	90.4%
Provisioning ratio (average loans to customers)	–	–	0.72%
NPE ratio	–	–	1.9%
NPE coverage ratio	–	–	63.8%
Assets	38,772	(26,240)	164,779
Total risk-weighted assets (RWA)	13,541	(12,726)	80,146
Equity	7,462	(5,633)	14,036
Loans to customers	3,593	(2,377)	91,711
Deposits from customers	2,761	(3,704)	99,800
Business outlets	–	–	1,958
Employees as at reporting date (full-time equivalents)	1,693	–	46,071
Customers in million	0.0	–	16.8

1/1-30/9/2019 in € million	Central Europe	Southeastern Europe	Eastern Europe	Group Corporates & Markets
Net interest income	635	646	829	455
Dividend income	4	7	1	15
Current income from investments in associates	4	0	0	1
Net fee and commission income	329	314	392	277
Net trading income and fair value result	(10)	23	36	14
Net gains/losses from hedge accounting	0	0	0	0
Other net operating income	(11)	(15)	(7)	85
Operating income	**950**	**976**	**1,252**	**848**
General administrative expenses	(533)	(528)	(510)	(505)
Operating result	**416**	**448**	**742**	**343**
Other result	(1)	(21)	(2)	1
Levies and special governmental measures	(52)	(15)	0	(15)
Impairment losses on financial assets	21	(45)	(32)	(26)
Profit/loss before tax	**384**	**366**	**707**	**303**
Income taxes	(93)	(58)	(149)	(67)
Profit/loss after tax	**291**	**308**	**558**	**236**
Profit attributable to non-controlling interests	(53)	4	(43)	(4)
Profit/loss after deduction of non-controlling interests	**238**	**313**	**514**	**232**

Return on equity before tax	16.1%	16.1%	36.0%	14.0%
Return on equity after tax	12.2%	13.5%	28.4%	10.9%
Net interest margin (average interest-bearing assets)	2.15%	3.63%	5.79%	1.27%
Cost/income ratio	56.2%	54.1%	40.7%	59.5%
Loan/deposit ratio	102.6%	75.0%	87.5%	163.6%
Provisioning ratio (average loans to customers)	(0.10)%	0.40%	0.35%	0.32%
NPE ratio	2.3%	3.1%	2.4%	1.9%
NPE coverage ratio	59.1%	67.8%	58.6%	55.4%
Assets	41,593	26,542	21,561	55,974
Total risk-weighted assets (RWA)	21,705	15,729	14,903	24,267
Equity	3,104	2,893	2,669	3,049
Loans to customers	29,284	15,688	13,882	30,829
Deposits from customers	30,367	21,099	16,066	26,472
Business outlets	393	911	768	23
Employees as at reporting date (full-time equivalents)	9,909	14,483	18,737	2,894
Customers in million	2.6	5.3	6.6	2.0

Previous-year figures adapted due to changed allocation. Further details can be found in the notes under changes to the income statement.

1/1-30/9/2019 in € million	Corporate Center	Reconciliation	Total
Net interest income	(74)	39	2,531
Dividend income	731	(733)	26
Current income from investments in associates	46	0	51
Net fee and commission income	(2)	(3)	1,307
Net trading income and fair value result	(70)	(80)	(87)
Net gains/losses from hedge accounting	1	(7)	(7)
Other net operating income	67	(106)	13
Operating income	**699**	**(891)**	**3,833**
General administrative expenses	(266)	97	(2,245)
Operating result	**433**	**(794)**	**1,588**
Other result	(22)	(23)	(68)
Levies and special governmental measures	(59)	0	(141)
Impairment losses on financial assets	1	1	(80)
Profit/loss before tax	**354**	**(816)**	**1,299**
Income taxes	53	0	(314)
Profit/loss after tax	**407**	**(816)**	**985**
Profit attributable to non-controlling interests	0	(14)	(110)
Profit/loss after deduction of non-controlling interests	**407**	**(830)**	**874**
Return on equity before tax	–	–	13.9%
Return on equity after tax	–	–	10.6%
Net interest margin (average interest-bearing assets)	–	–	2.43%
Cost/income ratio	–	–	58.6%
Loan/deposit ratio	–	–	102.9%
Provisioning ratio (average loans to customers)	–	–	0.13%
NPE ratio	–	–	2.3%
NPE coverage ratio	–	–	60.2%
Assets	30,987	(25,853)	150,805
Total risk-weighted assets (RWA)	13,968	(12,756)	77,816
Equity	6,469	(4,839)	13,344
Loans to customers	5,360	(2,469)	92,574
Deposits from customers	637	(3,941)	90,701
Business outlets	–	–	2,095
Employees as at reporting date (full-time equivalents)	1,215	–	47,238
Customers in million	0.0	–	16.5

Previous-year figures adapted due to changed allocation. Further details can be found in the notes under changes to the income statement.

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

The current income from investments in associates of € 44 million (previous-year period: € 51 million), which was previously included in the item other result, is now presented as a separate item. The credit-linked and portfolio-based provisions for litigation of minus € 44 million (previous-year period: minus € 18 million), which were previously reported under other net operating income, 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, provisions for litigations 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 can choose whether to make use of a payment moratorium, while those in other countries 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 income statement by making a one-time adjustment to the gross carrying amount as a non-substantial modification to the contract. In the reporting period minus € 26 million, thereof minus € 17 million of payment moratoriums, were included in the 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.

Country	Moratorium	Type	Description
Albania	expired end of August 2020	–	–
Belarus	no moratorium	–	–
Bosnia and Herzegovina	6 months	opt-in	principal, interest
Bulgaria	6 months or until year-end 2020	opt-in	principal, interest
Kosovo	until end of August 2021 (not yet decided)	opt-out	principal, interest
Croatia	3 to 6 months, up to 12 months for tourismn	opt-in	principal, interest
Austria	until end of January 2021	opt-in	principal, interest
Romania	until year-end 2020	opt-in	principal, interest
Russia	6 months for affected industries	opt-in	principal, interest
Serbia	expired end of September 2020	opt-out	principal, interest
Slovakia	up to 9 months	opt-in	principal, interest
Czech Republic	3 months or 6 months	opt-in	principal, interest
Ukraine	no moratorium	–	–
Hungary	until year-end 2020/until mid of 2021	opt-out/opt-in	principal, interest, fees

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.

None of the circumstances covered by IAS 20 in this connection occurred at RBI since all government grants benefited the customer directly.

In addition to the above mentioned support measures, RBI also took part in the European Central Bank's TLTRO II and III programs (Targeted Longer-Term Refinancing Operations) in order to build up an additional liquidity buffer.

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 during 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.

Amendment to IFRS 16 (Covid-19-Related Rent Concessions; effective date: 1 June 2020)

The amendment provides lessees with an exemption from assessing whether a COVID-19-related rent concession (e.g. rent-free periods or temporary rent reductions) is a lease modification. Lessees that apply the exemption must account for COVID-19-related rent concessions as if they were not lease modifications. The amendment applies to rent concessions that reduce rent payments due on or before 30 June 2021. This amendment is still in the endorsement process. The adoption into European law took place on October 9, 2020. These reliefs are not applied in RBI.

Standards and interpretations issued but not yet effective

Amendment to 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.

Amendment to IAS 16 (Property, Plant and Equipment – Proceeds before Intended Use; effective date: 1 January 2022)

The amendment prohibits deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the cost of producing those items, in profit or loss. Directly attributable costs include the costs of testing whether an asset is functioning properly.

Amendment to IAS 37 (Onerous Contracts – Cost of Fulfilling a Contract; effective date: 1 January 2022)

The changes specify that the cost of fulfilling a contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labor, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

Amendment to IFRS 3 (Reference to the Conceptual Framework; effective 1 January 2022)

The amendments update IFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework. The amendments also include two additions: For transactions and other events within the scope of IAS 37 or IFRIC 21, an acquirer is required to apply IAS 37 or IFRIC 21 (instead of the Conceptual Framework) to identify the liabilities it has assumed in a business combination. The amendments also add an explicit statement that an acquirer does not recognize contingent assets acquired in a business combination.

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 measured and 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.

IFRS 4 (Insurance Contracts; effective date: 1 January 2023)

The amendments also published on 25 June 2020 extend the period during which certain insurance companies are temporarily exempted from IFRS 9 so that these entities can apply IAS 39 for annual periods beginning before 1 January 2023.

Annual improvements to IFRS – 2018-2020 cycle (effective date: 1 January 2022)

Improvements to IFRS 1, IFRS 9, IFRS 16 and IAS 41.

Currencies

Rates in units per €	2020 As at 30/9	2020 Average 1/1-30/9	2019 As at 31/12	2019 Average 1/1-30/9
Albanian lek (ALL)	124.040	123.996	121.710	123.298
Belarusian ruble (BYN)	3.063	2.717	2.368	2.363
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)	7.557	7.528	7.440	7.412
Czech koruna (CZK)	27.233	26.369	25.408	25.720
Hungarian forint (HUF)	365.530	348.822	330.530	323.695
Polish zloty (PLN)	4.546	4.422	4.257	4.306
Romanian leu (RON)	4.873	4.828	4.783	4.734
Russian ruble (RUB)	91.776	80.558	69.956	73.446
Serbian dinar (RSD)	117.680	117.540	117.430	117.865
Ukrainian hryvnia (UAH)	33.118	29.942	26.592	29.598
US dollar (USD)	1.171	1.129	1.123	1.124

Consolidated group

Number of units	Fully consolidated 30/9/2020	Fully consolidated 31/12/2019
As at beginning of period	**209**	**226**
Included for the first time in the financial period	5	4
Merged in the financial period	(1)	(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 two asset management companies 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, one leasing company was merged into another.

Notes to the income statement

(1) Net interest income

in € million	1/1-30/9/2020	1/1-30/9/2019
Interest income according to effective interest method	**2,992**	**3,280**
Financial assets - fair value through other comprehensive income	57	110
Financial assets - amortized cost	2,935	3,171
Interest income other	**470**	**484**
Financial assets - held for trading	248	306
Non-trading financial assets - mandatorily fair value through profit/loss	21	10
Financial assets - designated fair value through profit/loss	14	25
Derivatives – hedge accounting, interest rate risk	115	93
Other assets	6	13
Interest income on financial liabilities	67	37
Interest expenses	**(986)**	**(1,234)**
Financial liabilities - amortized cost	(635)	(748)
Financial liabilities - held for trading	(189)	(344)
Financial liabilities - designated fair value through profit/loss	(39)	(46)
Derivatives – hedge accounting, interest rate risk	(87)	(48)
Other liabilities	(5)	(4)
Interest expenses on financial assets	(31)	(44)
Total	**2,476**	**2,531**

Net interest income included interest income of € 340 million (previous-year period: € 450 million) from marked-to-market financial assets, and interest expenses of € 228 million (previous-year period: € 390 million) from marked-to-market financial liabilities.

Net interest income decreased – also due to currency – by € 55 million to € 2,476 million. Czech Republic posted the largest decrease at € 43 million due to lower interest income from repo business and customer loans caused by key rate cuts. In Belarus, the decline in net interest income of € 12 million was due to lower market rates and higher refinancing costs in local currency. In Croatia, the decrease in net interest income of € 4 million was caused by lower market rates, especially for corporate clients. Albania reported a decrease of € 3 million due to lower volumes and interest rates. In Bosnia and Herzegovina, net interest income also fell by € 3 million due to lower interest income from customer loans. At head office, net interest income increased € 15 million, mainly due to lower refinancing costs.

in € million	1/1-30/9/2020	1/1-30/9/2019
Net interest income	2,476	2,531
Average interest-bearing assets	149,594	138,909
Net interest margin in per cent	**2.21%**	**2.43%**

Net interest margin went down by 22 basis points due to lower interest rates in several markets, which resulted primarily in lower asset-side margins, and higher short-term financial assets.

(2) Dividend income

in € million	1/1-30/9/2020	1/1-30/9/2019
Financial assets - held for trading	0	1
Financial assets - fair value through other comprehensive income	11	12
Investments in subsidiaries and associates	8	13
Total	**19**	**26**

Dividend income fell € 7 million to € 19 million. The largest drop was seen in the item investments in subsidiaries and associates, which includes dividend income from subsidiaries not fully consolidated and associates not valued at equity. Lower income from Bulgaria and Raiffeisen Kapitalanlage-Gesellschaft were mainly responsible for the decrease. In the Czech Republic, there were no dividends for financial assets - fair value through other comprehensive income in the reporting year. In the previous year, distributions were made.

(3) Current income from investments in associates

in € million	1/1-30/9/2020	1/1-30/9/2019
Current income from investments in associates	44	51

The decline mainly resulted from Raiffeisen Informatik GmbH & Co KG, whose current income (plus € 9 million, decrease of € 11 million) was impacted by the performance of a listed investment (SoftwareOne) in the previous year.

(4) Net fee and commission income

in € million	1/1-30/9/2020	1/1-30/9/2019
Clearing, settlement and payment services	506	543
Loan and guarantee business	149	155
Securities	46	47
Asset management	176	163
Custody	55	36
Customer resources distributed but not managed	30	37
Foreign exchange business	266	276
Other	44	50
Total	**1,272**	**1,307**

Net fee and commission income declined – also due to currency effects – by € 35 million to € 1,272 million compared with the same period last year. Thereby net income from clearing, settlement and payment services reduced by € 37 million to € 506 million largely due to the COVID-19 measures imposed and the resulting lower level of customer activity in almost all countries, most notably in Russia, Croatia, Romania and Hungary. In addition, the change of legal regulations led to a decline in income in the Czech Republic, while Bulgaria recorded a margin-driven decline. Net income from foreign exchange business fell volume-driven by € 10 million to € 266 million too, mainly in Romania and Russia. In contrast, net income from custody increased € 18 million to € 55 million due to higher volumes and income in Russia and at head office.

in € million	1/1-30/9/2020	1/1-30/9/2019
Fee and commission income	**1,855**	**1,927**
Clearing, settlement and payment services	834	919
Clearing and settlement	207	202
Credit cards	78	84
Debit cards and other card payments	179	198
Other payment services	370	437
Loan and guarantee business	169	177
Securities	91	81
Asset management	274	247
Custody	67	48
Customer resources distributed but not managed	52	59
Foreign exchange business	288	305
Other	81	89
Fee and commission expenses	**(583)**	**(619)**
Clearing, settlement and payment services	(328)	(376)
Clearing and settlement	(95)	(91)
Credit cards	(48)	(51)
Debit cards and other card payments	(82)	(86)
Other payment services	(104)	(149)
Loan and guarantee business	(20)	(23)
Securities	(45)	(34)
Asset management	(97)	(84)
Custody	(12)	(12)
Customer resources distributed but not managed	(22)	(22)
Foreign exchange business	(22)	(29)
Other	(37)	(39)
Total	**1,272**	**1,307**

(5) Net trading income and fair value result

in € million	1/1-30/9/2020	1/1-30/9/2019
Net gains/losses on financial assets and liabilities - held for trading	**258**	**(459)**
Derivatives	382	(469)
Equity instruments	(126)	0
Debt securities	35	35
Loans and advances	4	8
Short positions	(4)	(9)
Deposits	(34)	(32)
Debt securities issued	0	3
Other financial liabilities	0	5
Net gains/losses on non-trading financial assets - mandatorily fair value through profit or loss	**0**	**15**
Equity instruments	0	0
Debt securities	(3)	12
Loans and advances	3	3
Net gain/losses on financial assets and liabilities - designated fair value through profit/loss	**0**	**36**
Debt securities	(4)	49
Deposits	(1)	(2)
Debt securities issued	5	(11)
Exchange differences, net	**(163)**	**321**
Total	**95**	**(87)**

Net trading income was up € 183 million year-on-year. This was mainly due to positive valuation effects – both interest rate and currency driven – shown in the item derivatives. In the comparable period of the previous year, valuation losses of € 58 million on the interest rate risk of certificates issued had a direct effect on net gains/losses from derivatives. In that connection, economic hedges for interest rate risk were entered into in the second half of 2019. As a result, valuation losses in the reporting period were almost entirely neutralized. A further positive change resulted from the valuation of a building society portfolio that created a loss of € 59 million in the comparable period of the previous year, but was embedded into a hedge accounting relationship according to IAS 39 in the second quarter of 2019, which led to the valuation changes being largely neutralized from then on. In addition, head office reported a positive change of € 49 million, mainly in connection with the valuation of foreign currency and credit derivatives.

In total, gains of € 382 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 € 469 million). Derivatives are used above all to hedge interest rate and currency risks. These losses were partly offset by (net) currency translation losses of € 163 million (prior-year period: gain of € 321 million), mostly relating to changes in the Russian ruble exchange rate.

Negative changes of € 126 million were reported in equity instruments held for trading. This was mainly caused by market distortion 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.

The decrease in debt securities - mandatorily fair value through profit or loss by € 15 million resulted mainly from valuation due to the development of interest rates and foreign exchange rates in the reporting period as a result of the COVID-19 pandemic.

The changes of minus € 53 million in debt securities – 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	1/1-30/9/2020	1/1-30/9/2019
Fair value changes of the hedging instruments	(99)	58
Fair value changes of the hedged items attributable to the hedged risk	106	(65)
Ineffectiveness of cash flow hedge recognized in profit or loss	1	0
Total	**7**	**(7)**

Net gains/losses from hedge accounting amounted to € 7 million in the reporting period (comparable period: minus € 7 million). Despite the dynamic interest environment, there is still a high level of hedge efficiency.

The fair value changes of hedging instruments (minus € 99 million compared to € 58 million in the comparable period) and the fair value changes of the hedged items attributable to the hedged risk (€ 106 million compared to minus € 65 million in the comparable period) were mainly attributable to head office, Raiffeisen Bausparkasse Gesellschaft m.b.H. and the Czech Republic.

At Raiffeisen Bausparkasse Gesellschaft m.b.H., portfolio hedge accounting was introduced in the second quarter of 2019. The fair value changes of hedging instruments covered three quarters of minus € 69 million in 2020 and two quarters of minus € 92 million in 2019. The negative valuation effects of the hedging instruments were recognized in net trading income of Raiffeisen Bausparkasse m.b.H. in the first quarter of 2019, as hedging at the start of the year was still economic and not under IAS 39 hedge accounting. The further devaluation of the hedging instruments in the reporting period 2020 was attributable to the negative trend in long-term interest rates and is reflected by the appreciation of the hedged loans.

Key interest rates in the Czech Republic, which had risen in 2019 against the backdrop of strong economic activity, fell as a result of COVID-19. The fair value changes of the hedging instruments therefore amounted to minus € 35 million in the reporting year (comparable period: € 21 million). The value adjustments of the hedged items, however, amounted to € 34 million (previous-year period: minus € 21 million).

(7) Other net operating income

in € million	1/1-30/9/2020	1/1-30/9/2019[1]
Gains/losses on derecognition of financial assets and liabilities - not measured at fair value through profit/loss	(2)	17
Gains/losses on derecognition of non-financial assets held for sale	1	2
Net income arising from non-banking activities	20	21
Net income from additional leasing services	12	12
Net income from insurance contracts	(3)	(6)
Net rental income from investment property incl. operating lease (real estate)	38	48
Net expense from allocation and release of other provisions	14	(28)
Other non-income related taxes	(43)	(51)
Sundry operating income/expenses	13	(2)
Total	**50**	**13**

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

Other net operating income increased € 37 million year-on-year, mainly in Romania (plus € 20 million) due to provisions set up in the previous year for legal cases related to state-subsidies of a building society and due to a provision release for a legal case in Slovakia (€ 18 million). Further increases resulted from lower non-income related taxes, primarily at head office and in Hungary, each down € 3 million. This was offset by declines in the result from derecognition of financial assets, mainly at head office from sale of debt securities of € 10 million and of € 8 million in Russia in the previous year, as well as other provisions released in the previous year in the Czech Republic of € 5 million.

(8) General administrative expenses

in € million	1/1-30/9/2020	1/1-30/9/2019
Staff expenses	(1,175)	(1,181)
Other administrative expenses	(702)	(784)
Depreciation of tangible and intangible fixed assets	(287)	(280)
Total	**(2,164)**	**(2,245)**

General administrative expenses decreased € 81 million year-on-year to € 2,164 million. In the reporting period, exchange rate developments led to a reduction in general administrative expenses of € 58 million, mainly due to the depreciation of the Belarus ruble of 15 per cent, the Russian ruble of 10 per cent and the Hungarian forint of 8 per cent (on average over the period).

Staff expenses

in € million	1/1-30/9/2020	1/1-30/9/2019
Wages and salaries	(900)	(906)
Social security costs and staff-related taxes	(205)	(205)
Other voluntary social expenses	(30)	(31)
Sundry staff expenses	(39)	(39)
Total	**(1,175)**	**(1,181)**

Staff expenses decreased 1 per cent, or € 6 million, to € 1,175 million, the average headcount fell slightly year-on-year by 610 full-time equivalents to 46,612 employees.

Other administrative expenses

in € million	1/1-30/9/2020	1/1-30/9/2019[1]
Office space expenses	(73)	(80)
IT expenses	(225)	(236)
Legal, advisory and consulting expenses	(74)	(78)
Advertising, PR and promotional expenses	(71)	(95)
Communication expenses	(48)	(42)
Office supplies	(16)	(20)
Car expenses	(7)	(9)
Deposit insurance fees	(71)	(88)
Security expenses	(31)	(36)
Traveling expenses	(4)	(12)
Training expenses for staff	(9)	(15)
Sundry administrative expenses	(73)	(75)
Total	**(702)**	**(784)**

1 Previous-year figures adapted due to changed allocation

Other administrative expenses were down € 82 million to € 702 million. The reduction was driven primarily by lower IT expenses at head office (€ 14 million) and lower deposit insurance fees in Russia (€ 10 million) and Romania (€ 6 million). Advertising expenses decreased at head office (€ 7 million) and in Slovakia (€ 4 million) mainly as a result of the COVID-19 pandemic. Decreases were also reported in office space expenses (€ 7 million), security expenses (€ 5 million) and traveling expenses (€ 8 million).

Deposit insurance fees decreased € 17 million, whereby the reduction in Russia is from a temporary measure in support of financial institutions during the pandemic. Due to the compensation payout for Commerzialbank Mattersburg im Burgenland AG and Anglo Austrian AAB AG depositors from the deposit insurance scheme (Einlagensicherung AUSTRIA Ges.m.b.H.) and the resulting reduction in scheme funds, RBI expects about € 4 million higher annual contribution payments to ensure the statutory target level for the deposit insurance scheme.

Other administrative expenses included € 9 million for short-term leases and € 3 million for leases of low-value assets in accordance with IFRS 16.

Depreciation of tangible and intangible fixed assets

in € million	1/1-30/9/2020	1/1-30/9/2019
Tangible fixed assets	(170)	(165)
hereof right-of-use assets	(62)	(61)
Intangible fixed assets	(117)	(114)
Total	**(287)**	**(280)**

Depreciation of tangible and intangible fixed assets rose 3 per cent or € 7 million. Head office and the Czech Republic reported the largest increases at € 5 million and € 3 million, mainly due to software capitalization.

(9) Other result

in € million	1/1-30/9/2020	1/1-30/9/2019
Net modification gains/losses	**(26)**	**(1)**
Financial assets - amortized cost	(26)	(1)
Impairment or reversal of impairment on investments in subsidiaries and associates	**(111)**	**(22)**
Impairment on non-financial assets	**(29)**	**(9)**
Goodwill	(27)	0
Other	(3)	(9)
Result from non-current assets and disposal groups classified as held for sale and deconsolidation	**0**	**5**
Net income from non-current assets and disposal groups classified as held for sale	1	2
Result of deconsolidations	(1)	3
Tax expenses not attributable to the business activity	**0**	**(23)**
Credit-linked and portfolio-based provisions for litigation	**(44)**	**(18)**
Total	**(211)**	**(68)**

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

In the reporting period, losses from modification of contract conditions amounted to € 26 million, of which € 17 million resulted from COVID-19 measures (payment moratoriums and restructuring measures), mainly in Ukraine, Hungary, Romania and in the Czech Republic.

Impairment on investments in subsidiaries and associates increased € 89 million to € 111 million. The increase of € 87 million concerned impairment on investments in associates, especially on shares in UNIQA Insurance Group AG due to a lower value in use, LEIPNIK-LUNDENBURGER INVEST Beteiligungs AG and Prva stavebna sporitelna a.s., mainly caused by the worse economic outlook due to the pandemic.

Impairment on non-financial assets were up € 20 million to € 29 million. In the reporting period, the goodwill of Raiffeisen Kapitalanlage-Gesellschaft was impaired by € 27 million. The impairment was related to the poorer economic outlook caused by the COVID-19 pandemic, which on the statement of financial position side reduced the expected volume growth of Raiffeisen Kapitalanlage-Gesellschaft in future years and thus the profit expectations due to the associated decline in the achievable fee and commission income. Raiffeisen Kapitalanlage-Gesellschaft's reduced growth and profit prospects were accompanied by a reduction in the return on equity expected in the future.

In the previous year, a provision of € 23 million for property transfer taxes in Germany was created. This resulted from changes in the ownership structures in previous years. These are connected with the merger between Raiffeisen Zentralbank and Raiffeisen Bank International in 2017 and purchases of shares in Raiffeisen Leasing Group in 2012 and 2013.

In the reporting period, allocations to credit-linked and portfolio-based provisions for litigation amounted to € 44 million. Poland reported an allocation of € 30 million (up € 28 million) and Croatia of € 10 million (up € 3 million) regarding pending legal issues relating to mortgage loans denominated or linked to foreign currencies. The increase in Poland was driven by a deterioration in the Swiss franc/Polish zloty exchange rate, a decrease in the discount rate used to calculate the provision and changes in the statistical assumptions of the model. In Romania, the allocation to credit-linked and portfolio-based provisions for litigation regarding proceedings with the Consumer Protection Authority related to an alleged misuse of credit terms amounted to € 3 million (previous year-period: € 9 million).

(10) Levies and special governmental measures

in € million	1/1-30/9/2020	1/1-30/9/2019
Bank levies	(97)	(88)
Profit/loss from banking business due to governmental measures	0	(3)
Resolution fund	(76)	(50)
Total	**(173)**	**(141)**

Most of the expense for bank levies was already booked in the first quarter for the entire year. This affected head office with a one-off payment of € 41 million and Hungary with € 13 million. Current payments affected Slovakia in the amount of € 26 million (comparable period: € 18 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). The bank levy in Slovakia for the second half of 2020 was abolished at the end of June.

Contributions to the resolution fund, most of which were recognized at the beginning of the year, increased € 26 million to € 76 million. The increase resulted from higher contributions primarily at head office, in Bulgaria, Romania, in the Czech Republic and in Croatia.

(11) Impairment losses on financial assets

in € million	1/1-30/9/2020	1/1-30/9/2019
Loans and advances	(484)	(81)
Debt securities	(7)	(4)
Loan commitments, financial guarantees and other commitments given	(6)	5
Total	**(497)**	**(80)**

Impairments on loans and advances and debt securities amounted to € 490 million in the reporting period (up € 406 million). Of this amount, loans to non-financial corporations accounted for € 235 million and loans to households for € 212 million. Impairments on loan commitments, financial guarantees and other commitments amounted to € 6 million, representing an increase of € 11 million.

In the reporting period, COVID-19 caused impairments of € 201 million, with non-financial corporations accounting for € 175 million and households for € 26 million. The increase in net provisioning was primarily due to post-model adjustments (€ 136 million) and adjustments to forward looking information (€ 65 million).

In the reporting period, net allocation to impairment losses in Stage 1 and 2 amounted to € 268 million (up € 257 million). The sectors most affected were tourism, automotive, air travel, oil & gas, real estate and consumer goods. This resulted in higher impairments on loans to non-financial corporations (€ 139 million), predominantly in Austria (€ 47 million), Slovakia (€ 15 million), Russia (€ 13 million), Czech Republic (€ 12 million) and Hungary (€ 10 million), as well as on loans to households (€ 94 million), primarily in Romania (€ 21 million), Poland (€ 14 million), Bulgaria (€ 14 million), Hungary (€ 8 million) and Serbia (€ 6 million).

In Stage 3 (defaulted loans), net impairments of € 222 million were allocated (previous year: € 73 million). This included € 118 million for households, primarily in Russia (€ 61 million) and Romania (€ 16 million), as well as € 96 million for non-financial corporations, predominantly in Austria (€ 46 million), Slovakia (€ 21 million) and Russia (€ 17 million).

(12) Income taxes

in € million	1/1-30/9/2020	1/1-30/9/2019
Current income taxes	(167)	(347)
Austria	(21)	(14)
Foreign	(146)	(333)
Deferred taxes	(73)	33
Total	**(240)**	**(314)**

The € 74 million reduction in income taxes was attributable to lower profits in all countries, mainly to decreases of € 15 million in the Czech Republic, € 12 million in Russia, as well as in Croatia, Romania and Bulgaria (each down € 5 million). In addition, there was an impairment on deferred tax assets of € 25 million in the previous year in Poland as no useability was expected from the medium-term tax planning. In contrast, the RBI group tax allocation to non-consolidated group members was reduced by € 6 million. Moreover, withholding taxes at head office rose € 6 million due to increased dividend income from Russia and Ukraine.

The effective tax rate rose 1.9 percentage points to 26.1 per cent. The increase was the result of head office's lower earnings contribution, primarily due to non-tax deductible 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	30/9/2020	31/12/2019
Cash in hand	5,033	4,528
Balances at central banks	20,823	14,395
Other demand deposits at banks	7,533	5,366
Total	**33,389**	**24,289**

The increase in balances at central banks was primarily due to deposits made for liquidity management purposes and the minimum reserve. The minimum reserve, which is not freely available, amounted to € 236 million on the reporting date (31/12/2019: € 283 million).

The large increase in the item other demand deposits at banks was largely driven by head office, which experienced a short-term rise in cash holdings following the increase in long-term funding and utilization of the TLTRO III (Targeted Longer-Term Refinancing Operations) program.

This item also included € 365 million (31/12/2019: € 157 million) in cash securities, mainly for borrowed securities.

(14) Financial assets - amortized cost

	30/9/2020			31/12/2019		
in € million	Gross carrying amount	Accumulated impairment	Carrying amount	Gross carrying amount	Accumulated impairment	Carrying amount
Debt securities	**14,413**	**(13)**	**14,400**	**9,981**	**(8)**	**9,973**
Central banks	1,298	0	1,298	1,497	0	1,497
General governments	10,464	(7)	10,457	6,454	(2)	6,452
Banks	1,775	0	1,775	1,097	0	1,097
Other financial corporations	557	(5)	553	558	(3)	555
Non-financial corporations	319	(1)	318	376	(3)	373
Loans and advances	**103,760**	**(2,566)**	**101,194**	**102,626**	**(2,314)**	**100,312**
Central banks	5,498	0	5,498	4,602	0	4,602
General governments	1,740	(4)	1,736	1,196	(5)	1,191
Banks	4,372	(3)	4,369	4,837	(4)	4,833
Other financial corporations	11,244	(75)	11,169	9,838	(43)	9,795
Non-financial corporations	46,319	(1,337)	44,982	46,470	(1,179)	45,291
Households	34,587	(1,147)	33,439	35,682	(1,082)	34,600
Total	**118,174**	**(2,579)**	**115,594**	**112,607**	**(2,322)**	**110,285**

The carrying amount of financial assets - amortized cost rose € 5,309 million compared to year-end 2019. The increase in debt securities of € 4,427 million mainly resulted from purchases of government bonds at head office and in Slovakia and the Czech Republic. The loan book increased a slight € 882 million despite large currency depreciations. The rise in short-term lending (up € 2,351 million) was primarily attributable to head office. This increase made up for the decrease in loans to non-financial corporations of € 309 million and in loans and advances to households of € 1,160 million. The decline in loans to non-financial corporations (down € 1,117 million) was primarily attributable to the depreciation of the Russian ruble in Russia.

In Slovakia, in contrast, real estate financing and corporate customer loans rose € 275 million, while the head office reported an increase of € 824 million, mainly from project and real estate financing. Loans and advances to households declined the most in Russia (down € 1,002 million), and the Czech Republic (down € 303 million) due to currency factors, although this item increased in local currency terms.

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

in € million	30/9/2020 Gross carrying amount[1]	30/9/2020 Accumulated impairment	30/9/2020 Carrying amount	31/12/2019 Gross carrying amount[1]	31/12/2019 Accumulated impairment	31/12/2019 Carrying amount
Equity instruments	**214**	**–**	**214**	**229**	**–**	**229**
Banks	16	–	16	26	–	26
Other financial corporations	133	–	133	130	–	130
Non-financial corporations	64	–	64	72	–	72
Debt securities	**4,643**	**(4)**	**4,640**	**4,555**	**(3)**	**4,553**
General governments	3,439	(3)	3,436	3,093	(2)	3,091
Banks	1,004	0	1,004	1,176	0	1,176
Other financial corporations	67	0	67	142	0	142
Non-financial corporations	134	(1)	134	145	0	145
Total	**4,857**	**(4)**	**4,854**	**4,784**	**(3)**	**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 increased € 72 million compared to year-end 2019. The increase was mainly due to a rise in debt securities in Romania and Russia, although offsetting effects arose from the sale of a portion of the portfolio in Slovakia and sales of debt securities in Hungary and Croatia.

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

in € million	30/9/2020	31/12/2019
Equity instruments	**1**	**1**
Other financial corporations	1	1
Debt securities	**352**	**447**
General governments	261	239
Banks	19	20
Other financial corporations	65	187
Non-financial corporations	8	1
Loans and advances	**385**	**327**
General governments	2	3
Other financial corporations	39	48
Non-financial corporations	105	83
Households	238	193
Total	**738**	**776**

Non-trading financial assets - mandatorily fair value through profit/loss decreased € 38 million largely due to fund sales of Valida Group and Raiffeisen Bausparkasse. This decrease was reduced by an increase in the government-sponsored lending program for young families in Hungary and in debt securities in Russia.

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

in € million	30/9/2020	31/12/2019
Debt securities	**710**	**2,276**
General governments	504	1,903
Banks	90	259
Other financial corporations	0	0
Non-financial corporations	116	114
Total	**710**	**2,276**

The decline in the item financial assets - designated fair value through profit/loss resulted from sales of bonds at head office as a result of the optimization of the securities portfolio.

(18) Financial assets - held for trading

in € million	30/9/2020	31/12/2019
Derivatives	**2,404**	**1,894**
Interest rate contracts	1,439	1,245
Equity contracts	131	180
Foreign exchange rate and gold contracts	819	458
Credit contracts	12	5
Commodities	2	5
Other	1	1
Equity instruments	**190**	**427**
Banks	21	104
Other financial corporations	67	111
Non-financial corporations	102	211
Debt securities	**1,628**	**1,861**
Central banks	0	7
General governments	1,099	1,049
Banks	305	511
Other financial corporations	130	179
Non-financial corporations	93	115
Total	**4,222**	**4,182**

Securities under financial assets - held for trading provided as collateral, which the recipient is entitled to sell or pledge, amounted to € 92 million (31/12/2019: € 126 million).

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

(19) Hedge accounting

in € million	30/9/2020	31/12/2019
Positive fair values of derivatives in micro fair value hedge	**245**	**278**
Interest rate contracts	241	270
Foreign exchange rate and gold contracts	4	8
Positive fair values of derivatives in micro cash flow hedge	**1**	**5**
Interest rate contracts	1	5
Positive fair values of derivatives in net investment hedge	**102**	**0**
Positive fair values of derivatives in portfolio hedge	**159**	**119**
Cash flow hedge	36	7
Fair value hedge	123	112
Fair value adjustments of the hedged items in portfolio hedge of interest rate risk	**201**	**(5)**
Total	**708**	**397**

The change in the positive fair values of derivative financial instruments in net investment hedge was attributable to the depreciation of the Russian ruble.

The carrying amount of the item fair value adjustments of the hedged items in portfolio hedge of interest rate risk increased € 205 million compared to year-end 2019. This increase was primarily the result of the further increase in value of the loans and advances in the portfolio hedge of Raiffeisen Bausparkasse Gesellschaft m.b.H. (up € 63 million), the decrease in interest rates in the Czech Republic for fixed-rate loans in portfolio fair value hedges (up € 137 million) and the introduction of a portfolio hedge at the Russian subsidiary bank (up € 5 million).

(20) Investments in subsidiaries and associates

in € million	30/9/2020	31/12/2019
Investments in affiliated companies	229	270
Investments in associates valued at equity	697	836
Total	**925**	**1,107**

Investments in associates valued at equity are as follows:

in € million	Share in % 30/9/2020	Carrying amount 30/9/2020	Carrying amount 31/12/2019
card complete Service Bank AG, Vienna (AT)	25.0%	12	14
EMCOM Beteiligungs GmbH, Vienna (AT)	33.6%	7	7
LEIPNIK-LUNDENBURGER INVEST Beteiligungs Aktiengesellschaft, Vienna (AT)	33.1%	166	197
NOTARTREUHANDBANK AG, Vienna (AT)	26.0%	11	11
Oesterreichische Kontrollbank Aktiengesellschaft, Vienna (AT)	8.1%	48	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%	35	44
Raiffeisen Informatik GmbH & Co KG, Vienna (AT)	47.6%	124	147
Raiffeisen-Leasing Management GmbH, Vienna (AT)	50.0%	14	13
UNIQA Insurance Group AG, Vienna (AT)	10.9%	258	331
Total		**697**	**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	30/9/2020	31/12/2019
Tangible fixed assets	**1,706**	**1,829**
Land and buildings used by the group for own purpose	553	609
Office furniture, equipment and other tangible fixed assets	308	330
Investment property	304	301
Other leased assets (operating lease)	91	133
Right-of-use assets	451	456
Intangible fixed assets	**719**	**757**
Software	631	636
Goodwill	72	101
Brand	8	10
Customer relationships	2	3
Other intangible fixed assets	7	7
Total	**2,425**	**2,586**

The decline in tangible fixed assets is primarily the result of exchange rate effects, particularly with respect to the Russian ruble, the Belarusian ruble and Ukrainian hyrvnia. In the reporting period, € 140 million was invested in software (30/9/2019: € 121 million).

In 2020, the COVID-19 pandemic produced a major negative change in the economic environment in which the subsidiaries operate. Raiffeisen Kapitalanlage-Gesellschaft's medium-range plan was revised in response to the pandemic, which resulted in a goodwill impairment of € 27 million.

(22) Tax assets

in € million	30/9/2020	31/12/2019
Current tax assets	109	61
Deferred tax assets	87	144
Temporary tax claims	77	127
Loss carry forwards	10	17
Total	**196**	**205**

(23) Other assets

in € million	30/9/2020	31/12/2019
Prepayments and other deferrals	417	459
Merchandise inventory and suspense accounts for services rendered not yet charged out	242	287
Non-current assets and disposal groups classified as held for sale	8	21
Other assets	351	549
Total	**1,019**	**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 € 93 million (31/12/2019: € 137 million).

(24) Financial liabilities - amortized cost

in € million	30/9/2020	31/12/2019
Deposits from banks	**30,165**	**23,582**
Current accounts/overnight deposits	13,690	10,864
Deposits with agreed maturity	14,949	11,731
Repurchase agreements	1,526	987
Deposits from customers	**99,553**	**95,911**
Current accounts/overnight deposits	71,900	64,760
Deposits with agreed maturity	27,517	31,071
Repurchase agreements	136	79
Debt securities issued	**10,047**	**8,780**
Certificates of deposits	0	1
Covered bonds	1,246	1,321
Hybrid contracts	0	0
Other debt securities issued	8,801	7,457
hereof convertible compound financial instruments	960	1,070
hereof non-convertible	7,841	6,387
Other financial liabilities	**592**	**492**
Total	**140,356**	**128,764**
hereof subordinated financial liabilities	3,039	2,726
hereof lease liabilities	459	453

The total change in deposits from banks is largely concentrated at head office. Current accounts/overnight deposits rose € 2,934 million, over half of which were attributable to higher deposits at the regional Raiffeisen banks. Deposits with agreed maturity rose € 2,617 million at head office and € 412 million in Slovakia. The increase was largely driven by participation in TLTRO III, with € 4,000 million at head office and € 450 million in Slovakia. Sale and repurchase agreements at head office increased € 754 million compared to year-end 2019 but decreased € 264 million in Russia.

As in the first half of the year, deposits from customers revealed a clear preference for short-term deposits. Current accounts/overnight deposits recorded particularly steep rises in Russia (up € 1,390 million) and the Czech Republic (up € 1,196 million). However, the overall volume-driven increase was diminished by countervailing exchange rate effects. Other large increases in current accounts/overnight deposits were booked in Slovakia (up € 836 million), at head office (up € 831 million), in Romania (up € 683 million) and in Bulgaria (up € 432 million). The situation for deposits with agreed maturity is more complex. An increase of € 1,579 million at head office was offset by declines, particularly in Russia (down € 3,034 million) and the Czech Republic (down € 917 million).

Deposits from banks and customers by asset classes:

in € million	30/9/2020	31/12/2019
Central banks	5,603	2,462
General governments	2,689	3,171
Banks	24,561	21,120
Other financial corporations	9,763	10,929
Non-financial corporations	39,288	34,849
Households	47,814	46,961
Total	**129,718**	**119,493**

Deposits from central banks increased, particularly at head office (up € 2,565 million) and Slovakia (up € 396 million), mainly due to participation in TLTRO III. In contrast, this item decreased € 163 million at head office and also declined € 376 million in Russia because, among other reasons, a Federal Treasury deposit matured in February 2020.

The change in deposits from banks mainly resulted from an increase in overnight deposits and sale and repurchase agreements at head office (up € 3,740 million) and volume- and exchange rate-related declines in Russia (down € 506 million). The decrease in deposits from other financial corporations was concentrated at head office (down € 880 million) and in Slovakia (down € 180 million). In both cases, there were large reductions in deposits with agreed maturity.

The story was very different for deposits from non-financial corporations. In this case, head office contributed heavily to the increase (up € 3,516 million). Russia also recorded an increase in local currency terms, but this was more than offset by currency effects and ended up as a decline of € 790 million.

Deposits from households (up € 852 million) carried on the trend from the first half of the year. Deposits with agreed maturity decreased in favor of short-term deposits. The largest gains were reported in Romania (up € 584 million) and Slovakia (up € 371 million). In Russia, large gains in local currency terms were offset by exchange rate effects, resulting in decline of € 363 million.

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

in € million	30/9/2020	31/12/2019
Deposits from banks	**48**	**25**
Deposits with agreed maturity	48	25
Deposits from customers	**247**	**303**
Deposits with agreed maturity	247	303
Debt securities issued	**1,273**	**1,515**
Hybrid contracts	3	0
Other debt securities issued	1,271	1,515
hereof convertible compound financial instruments	9	10
hereof non-convertible	1,262	1,505
Total	**1,568**	**1,843**
hereof subordinated financial liabilities	246	405

The carrying amount of the designated liabilities was € 318 million (31/12/2019: € 395 million) higher than the amount contractually required to be paid at maturity. 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	30/9/2020	31/12/2019
Derivatives	**2,348**	**1,934**
Interest rate contracts	1,199	1,060
Equity contracts	370	185
Foreign exchange rate and gold contracts	676	584
Credit contracts	20	18
Commodities	3	0
Other	81	86
Short positions	**410**	**361**
Equity instruments	86	75
Debt securities	324	285
Debt securities issued	**3,230**	**3,495**
Hybrid contracts	3,123	3,210
Other debt securities issued	107	285
hereof convertible compound financial instruments	107	285
Total	**5,988**	**5,789**

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

(27) Hedge accounting

in € million	30/9/2020	31/12/2019
Negative fair values of derivatives in micro fair value hedge	**38**	**41**
Interest rate contracts	38	41
Negative fair values of derivatives in micro cash flow hedge	**1**	**4**
Interest rate contracts	1	4
Negative fair values of derivatives in net investment hedge	**0**	**7**
Negative fair values of derivatives in portfolio hedge	**358**	**231**
Cash flow hedge	5	2
Fair value hedge	353	228
Fair value adjustments of the hedged items in portfolio hedge of interest rate risk	**61**	**(36)**
Total	**458**	**246**

Negative fair values of derivatives in portfolio hedge amounted to € 353 million (31/12/2019: € 228 million) for a change of € 125 million. The increase is largely due to a portfolio hedge at Raiffeisen Bausparkasse Gesellschaft m.b.H. due to falling interest rates and higher volumes (up € 56 million), a drastic reduction in interest rates in the Czech Republic (up € 30 million) and the introduction of a portfolio hedge at the Russian subsidiary bank (up € 33 million).

The item fair value adjustments of the hedged items in portfolio hedge of interest rate risk increased € 97 million from year-end 2019, from minus € 36 million to € 61 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	30/9/2020	31/12/2019
Provisions for off-balance sheet items	**168**	**173**
Other commitments and guarantees according to IFRS 9	167	161
Other commitments and guarantees according to IAS 37	1	12
Provisions for staff	**452**	**500**
Pensions and other post employment defined benefit obligations	197	204
Other long-term employee benefits	53	42
Bonus payments	143	192
Provisions for overdue vacations	55	56
Termination benefits	4	6
Other provisions	**414**	**410**
Pending legal issues and tax litigation	230	222
Restructuring	16	26
Onerous contracts	63	66
Other provisions	106	96
Total	**1,035**	**1,083**

Provisions decreased € 48 million to € 1,035 million. This decline was primarily attributable to bonus payments of € 49 million. Provisions for pending legal issues and tax litigation decreased following the release of a provision of € 18 million in Slovakia. In contrast, increases were recorded in connection with pending proceedings regarding Swiss franc loans in Poland (up € 26 million to € 76 million) and Croatia (up € 10 million to € 31 million) and for the pending proceedings with the consumer protection agency in Romania (up € 3 million to € 24 million).

(29) Tax liabilities

in € million	30/9/2020	31/12/2019
Current tax liabilities	31	31
Deferred tax liabilities	53	38
Total	**84**	**69**

(30) Other liabilities

in € million	30/9/2020	31/12/2019
Liabilities from insurance activities	153	0
Deferred income and accrued expenses	437	440
Sundry liabilities	664	201
Total	**1,254**	**641**

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

(31) Equity

in € million	30/9/2020	31/12/2019
Consolidated equity	11,626	11,817
Subscribed capital	1,002	1,002
Capital reserves	4,992	4,992
Retained earnings	9,042	8,443
hereof consolidated profit/loss	599	1,227
Cumulative other comprehensive income	(3,411)	(2,620)
Non-controlling interests	781	811
Additional tier 1	1,630	1,137
Total	**14,036**	**13,765**

As at 30 September 2020, subscribed capital of RBI AG as defined by the articles of incorporation amounted to € 1,003 million. After deducting 322,204 own shares, the stated subscribed capital totaled € 1,002 million.

RBI's equity including capital attributable to non-controlling interests rose € 271 million to € 14,036 million from the beginning of the year.

In July 2020, RBI AG issued € 500 million of perpetual additional tier 1 capital (AT1).

In line with the European Central Bank's recommendation on dividend payments, on 16 September 2020 the Management Board decided to propose to the General Meeting on 20 October 2020 to carry forward the entire net profit for financial year 2019 (€ 331,662,036.45). The General Meeting unanimously adopted this proposal.

Notes to financial instruments

(32) Fair value of financial instruments

Fair value of financial instruments reported at fair value:

Assets in € million	30/9/2020 Level I	 Level II	 Level III	31/12/2019 Level I	 Level II	 Level III
Financial assets - held for trading	**1,471**	**2,751**	**0**	**1,910**	**2,272**	**0**
Derivatives	48	2,356	0	29	1,866	0
Equity instruments	190	0	0	420	7	0
Debt securities	1,233	395	0	1,462	399	0
Non-trading financial assets - mandatorily fair value through profit/loss	**245**	**106**	**387**	**394**	**54**	**328**
Equity instruments	1	0	0	1	0	0
Debt securities	244	106	2	393	54	1
Loans and advances	0	0	385	0	0	327
Financial assets - designated fair value through profit/loss	**571**	**139**	**0**	**2,231**	**45**	**0**
Debt securities	571	139	0	2,231	45	0
Financial assets - fair value through other comprehensive income	**3,787**	**922**	**145**	**3,912**	**681**	**188**
Equity instruments	3	65	145	2	82	145
Debt securities	3,784	856	0	3,911	600	42
Hedge accounting	**0**	**507**	**0**	**0**	**402**	**0**

Liabilities in € million	30/9/2020 Level I	 Level II	 Level III	31/12/2019 Level I	 Level II	 Level III
Financial liabilities - held for trading	**442**	**5,546**	**0**	**405**	**5,377**	**7**
Derivatives	36	2,312	0	17	1,916	0
Short positions	406	5	0	359	2	0
Debt securities issued	0	3,230	0	29	3,458	7
Financial liabilities - designated fair value through profit/loss	**3**	**1,566**	**0**	**0**	**1,843**	**0**
Deposits	0	295	0	0	328	0
Debt securities issued	3	1,271	0	0	1,515	0
Hedge accounting	**0**	**397**	**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	36	(36)
Non-trading financial assets - mandatorily fair value through profit/loss	328	0	(17)	98	(21)
Financial assets - designated fair value through profit/loss	0	0	0	0	0
Financial assets - fair value through other comprehensive income	188	0	(1)	18	(59)
Total	**516**	**0**	**(19)**	**152**	**(117)**

Assets in € million	Gains/loss in P/L	Gain/loss in other comprehensive income	Transfer to Level III	Transfer from Level III	As at 30/9/2020
Financial assets - held for trading	0	0	0	0	0
Non-trading financial assets - mandatorily fair value through profit/loss	0	0	0	0	387
Financial assets - designated fair value through profit/loss	0	0	0	0	0
Financial assets - fair value through other comprehensive income	0	1	0	0	145
Total	**0**	**1**	**0**	**0**	**532**

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 30/9/2020
Financial liabilities - held for trading	0	0	0	(7)	0
Total	**0**	**0**	**0**	**(7)**	**0**

Qualitative information for the valuation of financial instruments in Level III

30/9/2020 Assets	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	DCF method	All base rate of last auction (interest rate curve)	0.58 - 1.60%
Forward foreign exchange contracts	0	DCF method	Interest rate curve	10 - 30%
Loans	0	DCF method	Discount spread, credit spread range (CDS curves)	–
Non-trading financial assets - mandatorily fair value through profit/loss	**387**			
Other interests	0	Simplified net present value method Expert opinion	–	–
Bonds, notes and other non fixed-interest securities	2	Net Asset Value Expert opinion	Haircuts Price	20 - 50%
Loans	385	Retail: DCF method (incl. prepayment option, withdrawal option etc.) Non-Retail: DCF 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 - 4.24% over all currencies (0.25) - 2.00% over all currencies 0.39 - 39.84% (depending on the rating: from AA to CCC)
Financial assets - designated fair value through profit/loss	**0**			
Fixed coupon bonds	0	DCF method (incl. expert opinion)	Price cap Price	–
Financial assets - fair value through other comprehensive income	**145**			
Other interests	41	Dividend discount model Simplified income approach DCF method	Credit spread Cash flow Discount rate Dividends Beta factor	–
Other interests	51	Adjusted net asset value	Adjusted equity	–
Other interests	53	Market comparable companies Transaction price Valuation report (expert judgement) Cost minus impairment	EV/Sales EV/EBIT P/E P/B	–
Total	**532**			

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

30/9/2020 Liabilities	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	DCF 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.

30/9/2020 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**	**33,389**	**0**	**33,389**	**33,389**	**0**
Financial assets - amortized cost	**12,537**	**1,389**	**105,406**	**119,332**	**115,594**	**3,738**
Debt securities	12,537	1,389	734	14,660	14,400	260
Loans and advances	0	0	104,672	104,672	101,194	3,478
Liabilities						
Financial liabilities - amortized cost	**0**	**9,733**	**130,615**	**140,348**	**139,897**	**451**
Deposits from banks and customers[1]	0	0	129,607	129,607	129,258	349
Debt securities issued	0	9,733	416	10,149	10,047	102
Other financial liabilities	0	0	592	592	592	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	30/9/2020	31/12/2019
Loan commitments given	33,608	35,136
Financial guarantees given	7,065	7,909
Other commitments given	3,342	3,298
Total	**44,015**	**46,342**
Provisions for off-balance sheet items according to IFRS 9	(167)	(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 € 1 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:

30/9/2020 in € million	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Excellent	21,513	1,285	0	22,798
Strong	23,789	3,911	0	27,699
Good	29,040	9,613	0	38,653
Satisfactory	11,801	8,468	0	20,269
Substandard	813	2,169	0	2,982
Credit impaired	0	0	2,785	2,785
Unrated	2,553	432	1	2,987
Gross carrying amount	**89,508**	**25,879**	**2,786**	**118,174**
Accumulated impairment	(175)	(594)	(1,810)	(2,579)
Carrying amount	**89,333**	**25,284**	**977**	**115,594**

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

30/9/2020 in € million	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Excellent	1,488	0	0	1,488
Strong	2,688	45	0	2,733
Good	210	33	0	244
Satisfactory	140	11	0	151
Substandard	0	0	0	0
Credit impaired	0	0	0	0
Unrated	27	0	0	27
Gross carrying amount[1]	**4,553**	**90**	**0**	**4,643**
Accumulated impairment	(3)	(1)	0	(4)
Carrying amount	**4,551**	**89**	**0**	**4,640**

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).

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

30/9/2020 in € million	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Excellent	1,696	282	0	1,977
Strong	12,357	1,689	0	14,046
Good	15,113	5,005	0	20,118
Satisfactory	4,072	2,416	0	6,488
Substandard	126	345	0	471
Credit impaired	0	0	256	256
Unrated	560	98	0	658
Nominal amount	**33,923**	**9,836**	**256**	**44,015**
Provisions for off-balance sheet items according to IFRS 9	(41)	(65)	(61)	(167)
Nominal amount after provisions	**33,882**	**9,770**	**195**	**43,847**

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 using settlement houses and collateral in most cases.

30/9/2020	Nominal amount	Fair Value	
in € million		Assets	Liabilities
OTC products	**220,055**	**2,823**	**(2,608)**
Interest rate contracts	168,512	1,839	(1,595)
Equity contracts	3,340	84	(339)
Foreign exchange rate and gold contracts	48,203	899	(674)
Products traded on stock exchange	**1,767**	**73**	**(33)**
Interest rate contracts	89	0	0
Equity contracts	928	47	(31)
Foreign exchange rate and gold contracts	750	26	(2)
Other - Credit contracts, commodities and other contracts	**2,691**	**15**	**(104)**
Total	**224,513**	**2,911**	**(2,745)**

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:

30/9/2020	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	118,174	103,760
Financial assets - fair value through other comprehensive income[1]	0	4,643	0
Non-trading financial assets - mandatorily fair value through profit/loss	737	0	385
Financial assets - designated fair value through profit/loss	710	0	0
Financial assets - held for trading	4,032	0	0
On-balance	**5,479**	**122,817**	**104,145**
Loan commitments, financial guarantees and other commitments	0	44,015	44,015
Total	**5,479**	**166,832**	**148,160**

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 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'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. Government guarantees relating to COVID-19 are reflected in the calculation of expected credit losses for loans to the extent that legislation has been substantively enacted and it is clear that the individual borrowers have a claim to the guarantees.

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 and commitments/guarantees issued.

30/9/2020 in € million	Maximum exposure to credit risk	Fair value of collateral	Credit risk exposure net of collateral
Central banks	5,498	177	5,321
General governments	1,743	697	1,045
Banks	4,372	1,336	3,037
Other financial corporations	11,283	5,435	5,849
Non-financial corporations	46,424	20,490	25,934
Households	34,825	21,838	12,987
Commitments/guarantees issued	44,015	7,256	36,759
Total	**148,160**	**57,228**	**90,932**

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. The estimates were based on the latest information available when the expected credit losses were calculated (Source: Raiffeisen Research). As a result, the assumptions for the key countries and ratios are presented below.

Real GDP		Full-Year 2020f			Full-Year 2021f			Full-Year 2022f		
	Scenario	Q4 2019	Q3 2020	Change	Q4 2019	Q3 2020	Change	Q4 2019	Q3 2020	Change
Bulgaria	Optimistic	3.6%	(4.1)%	(7.7) PP	4.2%	5.2%	1.0 PP	3.6%	4.0%	0.3 PP
	Base	2.5%	(6.0)%	(8.5) PP	2.9%	4.0%	1.1 PP	2.5%	3.0%	0.5 PP
	Pessimistic	0.7%	(8.3)%	(9.0) PP	0.7%	2.5%	1.8 PP	0.7%	1.8%	1.1 PP
Croatia	Optimistic	3.4%	(6.5)%	(9.9) PP	2.9%	4.2%	1.4 PP	2.7%	3.5%	0.8 PP
	Base	2.5%	(8.5)%	(11.0) PP	1.8%	3.0%	1.2 PP	1.8%	2.5%	0.7 PP
	Pessimistic	0.0%	(11.6)%	(11.5) PP	(1.2)%	1.1%	2.3 PP	(0.7)%	1.0%	1.7 PP
Austria	Optimistic	1.3%	(6.1)%	(7.4) PP	2.0%	6.6%	4.6 PP	1.7%	1.9%	0.2 PP
	Base	0.8%	(7.2)%	(8.0) PP	1.4%	5.9%	4.5 PP	1.2%	1.4%	0.2 PP
	Pessimistic	(0.5)%	(8.7)%	(8.2) PP	(0.1)%	5.0%	5.1 PP	(0.1)%	0.7%	0.7 PP
Poland	Optimistic	3.7%	(3.6)%	(7.3) PP	3.6%	4.7%	1.1 PP	3.1%	2.3%	(0.7) PP
	Base	3.3%	(4.5)%	(7.8) PP	3.2%	4.2%	1.0 PP	2.7%	1.9%	(0.8) PP
	Pessimistic	1.9%	(6.2)%	(8.1) PP	1.5%	3.1%	1.6 PP	1.3%	1.0%	(0.3) PP
Russia	Optimistic	3.1%	(2.9)%	(6.0) PP	3.1%	4.0%	1.0 PP	2.8%	2.3%	(0.5) PP
	Base	1.6%	(4.9)%	(6.5) PP	1.3%	2.8%	1.5 PP	1.3%	1.3%	0.0 PP
	Pessimistic	(1.3)%	(9.3)%	(8.0) PP	(2.2)%	0.1%	2.2 PP	(1.6)%	(0.9)%	0.7 PP
Romania	Optimistic	4.2%	(4.4)%	(8.6) PP	3.5%	6.1%	2.7 PP	3.5%	4.8%	1.3 PP
	Base	3.0%	(7.0)%	(10.0) PP	2.0%	4.5%	2.5 PP	2.3%	3.5%	1.3 PP
	Pessimistic	0.1%	(10.4)%	(10.5) PP	(1.5)%	2.4%	3.9 PP	(0.6)%	1.8%	2.4 PP
Slovakia	Optimistic	3.6%	(3.2)%	(6.8) PP	4.4%	6.7%	2.4 PP	4.1%	3.9%	(0.2) 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%	(8.4)%	(8.5) PP	0.2%	3.5%	3.3 PP	0.6%	1.3%	0.7 PP
Czech Republic	Optimistic	3.0%	(5.7)%	(8.7) PP	2.9%	7.8%	4.8 PP	3.1%	3.9%	0.7 PP
	Base	2.0%	(7.6)%	(9.6) PP	1.8%	6.6%	4.8 PP	2.2%	2.9%	0.8 PP
	Pessimistic	0.1%	(10.0)%	(10.0) PP	(0.6)%	5.1%	5.7 PP	0.2%	1.7%	1.5 PP
Hungary	Optimistic	3.3%	(2.1)%	(5.4) PP	3.8%	5.9%	2.1 PP	4.1%	4.3%	0.2 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%	(7.9)%	(8.1) PP	0.1%	2.3%	2.1 PP	1.0%	1.4%	0.4 PP

Unemployment		Full-Year 2020f			Full-Year 2021f			Full-Year 2022f		
	Scenario	Q4 2019	Q3 2020	Change	Q4 2019	Q3 2020	Change	Q4 2019	Q3 2020	Change
Bulgaria	Optimistic	2.7%	3.1%	0.4 PP	2.7%	3.2%	0.5 PP	4.2%	2.8%	(1.4) PP
	Base	5.5%	7.5%	2.0 PP	6.0%	5.9%	(0.1) PP	7.0%	5.0%	(2.0) PP
	Pessimistic	9.2%	12.8%	3.6 PP	10.4%	9.2%	(1.2) PP	10.7%	7.7%	(3.0) PP
Croatia	Optimistic	5.5%	9.1%	3.7 PP	5.0%	9.0%	4.1 PP	5.6%	7.2%	1.6 PP
	Base	6.6%	11.8%	5.2 PP	6.3%	10.7%	4.4 PP	6.7%	8.5%	1.8 PP
	Pessimistic	9.9%	16.2%	6.3 PP	10.2%	13.4%	3.2 PP	10.0%	10.7%	0.7 PP
Austria	Optimistic	4.5%	5.9%	1.4 PP	4.5%	5.3%	0.8 PP	4.9%	5.3%	0.3 PP
	Base	4.8%	6.4%	1.6 PP	4.8%	5.6%	0.8 PP	5.2%	5.5%	0.3 PP
	Pessimistic	5.4%	7.3%	1.8 PP	5.6%	6.1%	0.6 PP	5.8%	5.9%	0.1 PP
Poland	Optimistic	4.0%	3.7%	(0.3) PP	4.3%	5.4%	1.1 PP	4.8%	5.0%	0.2 PP
	Base	5.7%	6.6%	0.9 PP	6.3%	7.2%	0.9 PP	6.5%	6.5%	0.0 PP
	Pessimistic	9.2%	11.8%	2.6 PP	10.5%	10.4%	0.0 PP	10.0%	9.1%	(0.9) PP
Russia	Optimistic	3.5%	4.7%	1.2 PP	3.2%	4.0%	0.7 PP	3.4%	4.1%	0.7 PP
	Base	4.7%	6.5%	1.8 PP	4.7%	5.1%	0.4 PP	4.6%	5.0%	0.4 PP
	Pessimistic	6.2%	8.9%	2.6 PP	6.5%	6.6%	0.1 PP	6.1%	6.2%	0.1 PP
Romania	Optimistic	3.5%	5.2%	1.6 PP	3.9%	6.7%	2.8 PP	4.8%	5.2%	0.4 PP
	Base	4.1%	6.2%	2.2 PP	4.6%	7.4%	2.8 PP	5.3%	5.7%	0.4 PP
	Pessimistic	5.3%	8.2%	2.9 PP	6.1%	8.6%	2.5 PP	6.6%	6.7%	0.1 PP
Slovakia	Optimistic	2.7%	4.3%	1.6 PP	2.2%	4.8%	2.6 PP	2.2%	4.4%	2.2 PP
	Base	5.1%	8.4%	3.3 PP	5.0%	7.4%	2.4 PP	4.5%	6.4%	1.9 PP
	Pessimistic	8.3%	13.2%	4.9 PP	8.9%	10.4%	1.4 PP	7.8%	8.8%	1.0 PP
Czech Republic	Optimistic	2.3%	3.2%	0.9 PP	2.5%	4.7%	2.2 PP	3.0%	4.6%	1.6 PP
	Base	3.1%	4.8%	1.7 PP	3.5%	5.7%	2.2 PP	3.8%	5.4%	1.6 PP
	Pessimistic	4.7%	7.1%	2.4 PP	5.5%	7.2%	1.7 PP	5.4%	6.6%	1.1 PP
Hungary	Optimistic	2.8%	4.7%	1.9 PP	2.7%	4.9%	2.2 PP	2.7%	4.4%	1.7 PP
	Base	3.6%	6.2%	2.6 PP	3.7%	5.9%	2.2 PP	3.5%	5.2%	1.7 PP
	Pessimistic	5.7%	9.1%	3.4 PP	6.2%	7.7%	1.5 PP	5.6%	6.6%	1.1 PP

Lifetime bond rate		Full-Year 2020f			Full-Year 2021f			Full-Year 2022f		
	Scenario	Q4 2019	Q3 2020	Change	Q4 2019	Q3 2020	Change	Q4 2019	Q3 2020	Change
Bulgaria	Optimistic	0.1%	(1.3)%	(1.4) PP	0.4%	(0.4)%	(0.8) PP	0.5%	0.0%	(0.6) PP
	Base	0.7%	0.0%	(0.7) PP	1.1%	0.4%	(0.7) PP	1.1%	0.6%	(0.5) PP
	Pessimistic	2.9%	3.6%	0.6 PP	3.8%	2.6%	(1.1) PP	3.3%	2.4%	(0.9) PP
Croatia	Optimistic	0.0%	0.1%	0.1 PP	0.0%	0.5%	0.5 PP	0.7%	0.7%	0.1 PP
	Base	0.4%	1.1%	0.7 PP	0.6%	1.1%	0.6 PP	1.1%	1.2%	0.1 PP
	Pessimistic	2.2%	4.1%	1.9 PP	2.7%	3.0%	0.3 PP	2.9%	2.8%	(0.1) PP
Austria	Optimistic	(1.0)%	(1.0)%	0.0 PP	(0.7)%	(0.6)%	0.0 PP	0.1%	(0.4)%	(0.5) PP
	Base	(0.4)%	(0.2)%	0.2 PP	0.1%	(0.2)%	(0.3) PP	0.8%	(0.1)%	(0.8) PP
	Pessimistic	1.6%	2.9%	1.3 PP	2.4%	1.8%	(0.7) PP	2.7%	1.5%	(1.2) PP
Poland	Optimistic	1.5%	0.4%	(1.1) PP	1.7%	0.6%	(1.1) PP	2.1%	1.0%	(1.2) PP
	Base	2.2%	1.5%	(0.7) PP	2.5%	1.3%	(1.2) PP	2.8%	1.5%	(1.3) PP
	Pessimistic	3.7%	4.1%	0.4 PP	4.4%	2.9%	(1.5) PP	4.4%	2.8%	(1.5) PP
Russia	Optimistic	5.8%	4.2%	(1.5) PP	5.7%	4.6%	(1.1) PP	6.1%	4.8%	(1.3) PP
	Base	6.9%	6.0%	(0.9) PP	7.0%	5.7%	(1.3) PP	7.3%	5.7%	(1.6) PP
	Pessimistic	9.4%	9.7%	0.3 PP	10.0%	8.0%	(2.0) PP	9.7%	7.5%	(2.2) PP
Romania	Optimistic	2.8%	1.8%	(1.1) PP	2.7%	2.7%	0.0 PP	2.9%	3.2%	0.4 PP
	Base	4.3%	4.2%	(0.1) PP	4.5%	4.2%	(0.3) PP	4.3%	4.5%	0.1 PP
	Pessimistic	5.3%	5.6%	0.3 PP	5.7%	5.1%	(0.6) PP	5.3%	5.1%	(0.2) PP
Slovakia	Optimistic	(0.8)%	(0.9)%	(0.1) PP	(0.5)%	(0.6)%	(0.1) PP	0.3%	(0.4)%	(0.7) PP
	Base	(0.1)%	0.3%	0.5 PP	0.3%	0.1%	(0.2) PP	1.0%	0.2%	(0.8) PP
	Pessimistic	1.7%	3.4%	1.7 PP	2.5%	2.0%	(0.5) PP	2.8%	1.7%	(1.1) PP
Czech Republic	Optimistic	(0.1)%	0.0%	0.1 PP	0.0%	0.3%	0.3 PP	0.8%	0.7%	(0.1) PP
	Base	1.0%	1.1%	0.1 PP	1.3%	0.9%	(0.4) PP	1.8%	1.2%	(0.6) PP
	Pessimistic	2.8%	3.9%	1.1 PP	3.4%	2.7%	(0.8) PP	3.6%	2.6%	(1.0) PP
Hungary	Optimistic	1.9%	0.6%	(1.3) PP	1.8%	1.2%	(0.6) PP	2.3%	2.1%	(0.2) PP
	Base	2.6%	2.1%	(0.5) PP	2.7%	2.1%	(0.5) PP	3.0%	2.8%	(0.2) PP
	Pessimistic	5.1%	6.0%	0.9 PP	5.6%	4.6%	(1.0) PP	5.5%	4.7%	(0.7) PP

Real estate prices		Full-Year 2020f			Full-Year 2021f			Full-Year 2022f		
	Scenario	Q4 2019	Q3 2020	Change	Q4 2019	Q3 2020	Change	Q4 2019	Q3 2020	Change
Bulgaria	Optimistic	9.1%	9.4%	0.3 PP	9.5%	10.1%	0.6 PP	6.6%	6.9%	0.3 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%	(6.5)%	(7.8) PP	0.1%	0.1%	0.0 PP	(1.2)%	(1.0)%	0.1 PP
Croatia	Optimistic	14.0%	7.1%	(6.9) PP	13.5%	7.4%	(6.1) PP	9.5%	4.3%	(5.2) 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)%	(2.6)%	(1.0) PP	(5.1)%	1.4%	6.5 PP	(6.1)%	(0.6)%	5.5 PP
Austria	Optimistic	5.3%	3.1%	(2.3) PP	5.2%	2.7%	(2.5) PP	4.3%	2.2%	(2.1) 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)%	(0.8)%	0.1 PP	(2.4)%	0.2%	2.6 PP	(1.9)%	0.3%	2.2 PP
Poland	Optimistic	6.0%	4.4%	(1.5) PP	5.5%	3.0%	(2.5) PP	4.9%	2.7%	(2.1) 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)%	(0.2)%	0.6 PP	(2.5)%	0.1%	2.7 PP	(1.9)%	0.4%	2.3 PP
Russia	Optimistic	7.8%	7.4%	(0.4) PP	7.9%	6.9%	(1.0) PP	5.4%	4.5%	(0.9) 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)%	0.1%	1.0 PP	(1.8)%	(0.9)%	0.9 PP
Romania	Optimistic	6.4%	5.0%	(1.4) PP	6.5%	5.3%	(1.2) PP	5.5%	4.4%	(1.1) 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%	(2.6)%	(2.8) PP	(0.9)%	0.6%	1.5 PP	(0.7)%	0.6%	1.3 PP
Slovakia	Optimistic	7.0%	8.8%	1.8 PP	6.8%	7.5%	0.7 PP	5.8%	6.2%	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)%	(7.8)%	(5.5) PP	(4.4)%	(2.9)%	1.5 PP	(3.5)%	(2.1)%	1.4 PP
Czech Republic	Optimistic	8.1%	4.1%	(4.0) PP	6.7%	5.8%	(0.9) PP	4.6%	3.8%	(0.8) PP
	Base	5.7%	1.0%	(4.7) PP	3.8%	3.8%	0.0 PP	2.2%	2.2%	0.0 PP
	Pessimistic	2.3%	(1.8)%	(4.1) PP	(0.2)%	2.1%	2.3 PP	(1.2)%	0.8%	2.0 PP
Hungary	Optimistic	7.5%	6.1%	(1.4) PP	8.0%	6.7%	(1.4) PP	6.7%	5.4%	(1.3) 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)%	(3.4) PP	(1.0)%	0.7%	1.7 PP	(0.9)%	0.6%	1.5 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 and collective staging

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 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 (GRC). 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 between the stages.

Due to the complexity of the expected credit loss calculation, and the dependency of variables on one another, the table below represents a best estimate of the included post-model-adjustments in the accumulated expected credit loss amounts in Stage 1 and 2 (balance sheet items and off-balance sheet items).

30/9/2020	Modelled ECL	Post-model adjustments						Total
in € million		COVID-19 related		Other		Total		
Central banks	0	0	0.0%	0	0.0%	0	0.0%	0
General governments	13	0	0.0%	0	0.0%	0	0.0%	13
Banks	1	0	0.0%	0	0.0%	0	0.0%	1
Other financial corporations	45	0	0.0%	0	0.0%	0	0.0%	45
Non-financial corporations	276	100	36.1%	46	16.5%	146	52.6%	422
Households	344	36	10.4%	19	5.5%	55	15.9%	398
Total	**680**	**136**	**19.9%**	**65**	**9.5%**	**200**	**29.5%**	**880**

The post-model adjustments resulted in additional Stage 1 and 2 provisions of € 200 million (31/12/2019: € 93 million), of which € 136 million are COVID-19 related.

COVID-19 related post-model adjustments came from the collective impact on the tourism and related industries as well as automobile, air travel, oil and gas, real estate and some consumer goods industries as a result of the demand shock, supply chain disruptions and the containment measures. The adjustments were necessary as models cannot fully capture the speed of change and the depth of the economic impact of the virus. Going forward it might take some time until a complete picture of the impact of COVID-19 and subsequent measures on individual customers emerges. The related post-model adjustments involve qualitative assessment of exposures for the expected significant increase in credit risk and their subsequent transfer from Stage 1 to Stage 2.

For retail customer exposure post-model adjustments are necessary in order to compensate for the reduced ability of the macro models to cope with the drastic change of forecasts compared to pre-COVID-19 times, i.e. forecasts with a drastic decline and subsequent recovery. The respective macro-economic models were mostly able to catch the recovery part of the forecast, without fully taking into account the preceding worsening trend. This together with the impact of the public and private moratoriums on the behavioral data used for determining the credit rating led to the conclusion that the current IFRS 9 model setup does not fully reflect the depth and speed of economic forecasts on loss expectations. The related post-model adjustments involve qualitative assessment of exposures for expected significant increase in credit risk and their subsequent transfer from Stage 1 to Stage 2. The criteria for the identification of such exposures were predominantly based on the above listed industries of activities (for SME) and employment industries (for households) and further refined, where relevant, with information related to the application of the specific moratorium measures.

The majority of other post-model adjustments related 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.

Sensitivity analysis

The most significant assumptions affecting the sensitivity of the expected credit loss allowance are as follows:

- Gross domestic product (all portfolios)
- Unemployment rate (all portfolios)
- Long term government bond rate (non-retail portfolios especially)
- Real estate prices (retail portfolios especially)

The table below provides a comparison between the reported accumulated impairment for expected credit losses for financial assets in stages 1 and 2 (weighted by 25 per cent optimistic, 50 per cent base and 25 per cent pessimistic scenarios) and then each scenario weighted by 100 per cent on their own. The optimistic and pessimistic scenarios do not reflect extreme cases, but the average of the scenarios which are distributed in these cases. This information is provided for illustrative purposes.

30/9/2020 in € million	ECL 25/50/25%	100% Optimistic	100% Base	100% Pessimistic
Austria	194	179	190	216
Russia	109	93	104	133
Romania	91	77	89	110
Czech Republic	82	79	82	88
Slovakia	69	61	68	80
Poland	65	63	65	69
Croatia	45	40	42	55
Bulgaria	56	52	55	63
Hungary	45	42	44	51
Other	123	98	110	143
Accumulated impairment (Stage 1 and 2)	**880**	**783**	**848**	**1,009**

31/12/2019 in € million	ECL 25/50/25%	100% Optimistic	100% Base	100% Pessimistic
Austria	103	93	99	112
Russia	102	86	101	119
Romania	71	61	72	81
Czech Republic	58	52	55	68
Slovakia	48	41	47	56
Poland	50	46	49	54
Croatia	38	35	39	38
Bulgaria	28	26	28	33
Hungary	26	22	26	30
Other	77	66	76	90
Accumulated impairment (Stage 1 and 2)	**601**	**528**	**592**	**681**

(37) Credit risk volume by stages

RBI's credit portfolio is well diversified in terms of customer types, 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. Here, RBI's focus was on non-financial corporations and households:

30/9/2020	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	6,790	6	0	0	0	0	0.0%	0.0%	–
General governments	11,295	908	2	(7)	(2)	(2)	0.1%	0.3%	98.4%
Banks	5,924	220	3	0	0	(3)	0.0%	0.1%	89.6%
Other financial corporations	10,213	1,482	107	(10)	(30)	(39)	0.1%	2.0%	36.6%
Non-financial corporations	29,262	15,767	1,609	(76)	(258)	(1,004)	0.3%	1.6%	62.4%
Households	26,025	7,496	1,066	(81)	(304)	(762)	0.3%	4.1%	71.5%
hereof mortgage	17,831	5,122	441	(22)	(151)	(272)	0.1%	2.9%	61.8%
Total	**89,508**	**25,879**	**2,786**	**(175)**	**(594)**	**(1,810)**	**0.2%**	**2.3%**	**64.9%**

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[1]	18,249	4,261	454	(17)	(109)	(276)	0.1%	2.5%	60.8%
Total	**97,240**	**12,504**	**2,864**	**(183)**	**(342)**	**(1,798)**	**0.2%**	**2.7%**	**62.8%**

1 Previous-year figures adapted

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

30/9/2020	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	0	0	0	0	0	0	0.2%	–	–
General governments	367	21	0	(1)	0	0	0.2%	0.0%	–
Banks	1,890	109	0	0	0	0	0.0%	0.1%	–
Other financial corporations	4,584	335	11	(2)	(3)	(1)	0.0%	0.9%	4.6%
Non-financial corporations	23,364	8,390	234	(31)	(57)	(51)	0.1%	0.7%	21.6%
Households	3,718	982	11	(7)	(6)	(9)	0.2%	0.6%	77.7%
Total	**33,923**	**9,836**	**256**	**(41)**	**(65)**	**(61)**	**0.1%**	**0.7%**	**23.8%**

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:

30/9/2020	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	**(14,950)**	**14,950**	**(47)**	**379**	**0.3%**	**2.5%**
Central banks	0	0	0	0	–	–
General governments	(330)	330	0	0	0.0%	0.1%
Banks	(161)	161	0	0	0.0%	0.0%
Other financial corporations	(707)	707	(1)	19	0.2%	2.8%
Non-financial corporations	(9,927)	9,927	(24)	128	0.2%	1.3%
Households	(3,824)	3,824	(22)	231	0.6%	6.0%
Movement from lifetime ECL to 12-month ECL	**2,797**	**(2,797)**	**10**	**(78)**	**0.3%**	**2.8%**
Central banks	0	0	0	0	–	–
General governments	251	(251)	1	(1)	0.3%	0.6%
Banks	17	(17)	0	0	0.0%	0.2%
Other financial corporations	177	(177)	0	0	0.0%	0.2%
Non-financial corporations	823	(823)	4	(15)	0.5%	1.8%
Households	1,529	(1,529)	5	(62)	0.3%	4.0%

The increase in expected credit losses in the third quarter of 2020 arising from the movement from 12-month ECL to lifetime ECL was € 332 million (1/1-31/12/2019: € 270 million). The decrease in expected credit losses in the third quarter of 2020 arising from the movement from lifetime ECL to 12-month ECL was € 68 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	72	44	50	166
Decreases due to derecognition	(22)	(38)	(206)	(266)
Changes due to change in credit risk (net)	(45)	268	348	570
Changes due to modifications without derecognition (net)	0	0	3	3
Decrease due to write-offs	0	(1)	(91)	(91)
Changes due to model/risk parameters	0	2	(3)	(2)
Change in consolidated group	0	0	0	0
Foreign exchange and other	(11)	(22)	(88)	(121)
As at 30/9/2020	**178**	**595**	**1,810**	**2,583**

The change in the reporting period amounted to € 258 million. It was largely due to migrations between Stage 1 and Stage 2 and additional net allocations in Stage 3.

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 Southeastern 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	74	27	53	155
Decreases due to derecognition	(27)	(36)	(260)	(322)
Changes due to change in credit risk (net)	(30)	9	247	226
Changes due to modifications without derecognition (net)	0	0	5	5
Decrease due to write-offs	0	(6)	(216)	(222)
Changes due to model/risk parameters	0	0	0	0
Change in consolidated group	0	0	14	14
Foreign exchange and other	6	9	44	59
As at 30/9/2019	**193**	**336**	**1,874**	**2,404**

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	24	12	7	42
Decreases due to derecognition	(9)	(5)	(16)	(30)
Changes due to change in credit risk (net)	(14)	32	(13)	6
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)	(3)	(3)	(11)
As at 30/9/2020	**41**	**65**	**61**	**167**

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	25	6	2	33
Decreases due to derecognition	(9)	(5)	(8)	(22)
Changes due to change in credit risk (net)	(15)	(5)	1	(19)
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	3	1	1	5
As at 30/9/2019	**40**	**29**	**54**	**122**

Impairments and provisions by asset classes:

30/9/2020 in € million	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Loans and debt securities	**178**	**595**	**1,810**	**2,583**
Central banks	0	0	0	0
General governments	10	3	2	15
Banks	0	0	3	3
Other financial corporations	10	30	39	79
Non-financial corporations	76	258	1,004	1,338
Households	81	304	762	1,147
Loan commitments, financial guarantees and other commitments given	**41**	**65**	**61**	**167**
Total	**219**	**660**	**1,871**	**2,750**

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

Carrying amounts of overdue claims and bonds in the measurement categories amortized cost and fair value through other comprehensive income:

30/9/2020	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	0	0	0	0	0	0
Banks	0	0	0	0	0	0	0	0	0
Other financial corporations	37	0	0	0	0	0	24	0	0
Non-financial corporations	268	1	0	264	61	0	58	10	179
Households	224	6	2	203	54	4	29	25	132
Total	**529**	**6**	**3**	**467**	**115**	**4**	**110**	**35**	**311**

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. Overdue loans have decreased since year end due to several non-financial corporations, especially at head office, in the Czech Republic, Slovakia and Ukraine, becoming current during the reporting year and the reset of days past due for customers affected by the moratoriums.

31/12/2019	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 € 23 million is mainly due to the introduction of COVID-19 measures in countries in which RBI operates as of 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 gross carrying amount of the affected loans has been reduced, and this led to net modification losses.

The share of modification losses relating to COVID-19 measures amounted to minus € 17 million.

30/9/2020 **in € million**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Net modifications gains/losses	(17)	(7)	(2)	**(26)**
Amortized cost before the modification of financial assets	3,419	2,919	219	**6,557**
Amortized cost of modified financial assets, which moved back to Stage 1 during the year	–	57	3	**61**

31/12/2019 **in € million**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Net modifications gains/losses	(3)	0	1	**(2)**
Amortized cost before the modification of financial assets	1,832	171	52	**2,055**
Amortized cost of modified financial assets, which moved back 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.

30/9/2020	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 (legally enforceable)	5,275	2,646	2,630	1,673	190	767
Repurchase, securities lending and similar agreements (legally enforceable)	13,718	0	13,718	13,508	0	151
Total	**18,994**	**2,646**	**16,348**	**15,180**	**190**	**918**

30/9/2020	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 (legally enforceable)	5,174	2,646	2,528	1,264	289	976
Reverse repurchase, securities lending and similar agreements (legally enforceable)	1,193	0	1,193	1,192	0	1
Total	**6,367**	**2,646**	**3,722**	**2,456**	**289**	**977**

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 (legally enforceable)	3,963	1,866	2,096	1,247	139	711
Repurchase, securities lending and similar agreements (legally enforceable)	11,142	0	11,142	11,100	0	42
Total	**15,105**	**1,866**	**13,239**	**12,347**	**139**	**753**

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 (legally enforceable)	3,891	1,866	2,025	1,153	148	724
Reverse repurchase, securities lending and similar agreements (legally enforceable)	795	0	795	780	0	15
Total	**4,687**	**1,866**	**2,820**	**1,933**	**148**	**740**

RBI Group has unissued covered bonds, for which its own loans have been pledged. In cases where these unissued covered bonds are used as collateral at central banks, these assets are not listed in the transferred assets table.

(42) Transferred assets

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

30/9/2020	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	115	0	115	115	0	115
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	60	0	60	55	0	55
Financial assets - amortized cost	981	0	981	977	0	977
Total	**1,156**	**0**	**1,156**	**1,147**	**0**	**1,147**

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:

in € million	30/9/2020 Pledged	30/9/2020 Otherwise restricted with liabilities	31/12/2019 Pledged	31/12/2019 Otherwise restricted with liabilities
Financial assets - held for trading	95	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	43	0	28	0
Financial assets - fair value through other comprehensive income	250	4	218	5
Financial assets - amortized cost	11,834	869	11,027	782
Total	**12,240**	**873**	**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	30/9/2020	31/12/2019
Securities and other financial assets accepted as collateral which can be sold or repledged	13,051	12,095
hereof which have been sold or repledged	2,414	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 using settlement houses and the use of collateral in most cases.

30/9/2020	Nominal amount	Fair value	
in € million		Assets	Liabilities
Trading book	**170,537**	**2,090**	**(2,190)**
Interest rate contracts	120,620	1,173	(1,071)
Equity contracts	4,268	131	(370)
Foreign exchange rate and gold contracts	43,156	773	(653)
Credit contracts	1,216	10	(11)
Commodities	97	2	(3)
Other	1,179	1	(81)
Banking book	**24,855**	**314**	**(159)**
Interest rate contracts	20,513	266	(127)
Foreign exchange rate and gold contracts	4,143	46	(23)
Credit contracts	199	3	(8)
Hedging instruments	**29,121**	**507**	**(397)**
Interest rate contracts	27,468	401	(396)
Foreign exchange rate and gold contracts	1,654	106	0
Total	**224,513**	**2,911**	**(2,745)**
OTC products	220,055	2,823	(2,608)
Products traded on stock exchange	1,767	73	(33)

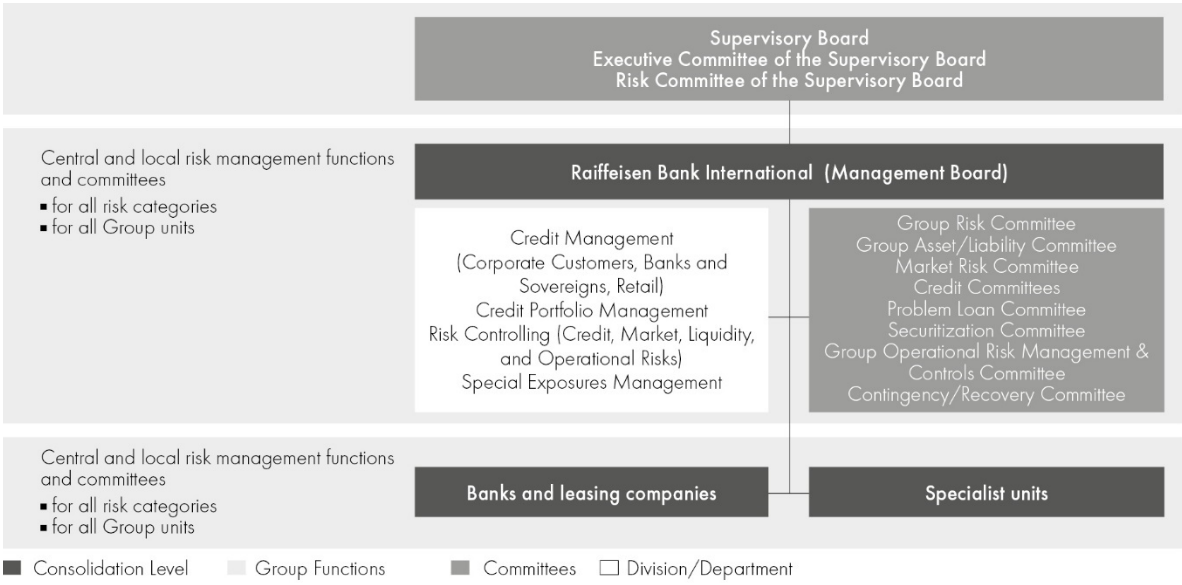
31/12/2019	Nominal amount	Fair value	
in € million		Assets	Liabilities
Trading book	**176,548**	**1,664**	**(1,655)**
Interest rate contracts	121,992	1,041	(874)
Equity contracts	5,121	180	(185)
Foreign exchange rate and gold contracts	47,327	431	(499)
Credit contracts	745	5	(11)
Commodities	105	5	0
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 RBI. 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. Particularly, in addition to legal and regulatory requirements, it considers 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	30/9/2020	Share	31/12/2019	Share
Credit risk corporate customers	1,879	26.1%	1,749	24.8%
Credit risk retail customers	1,336	18.6%	1,751	24.8%
Market risk	950	13.2%	633	9.0%
Participation risk	660	9.2%	727	10.3%
Macroeconomic risk	535	7.4%	557	7.9%
Operational risk	447	6.2%	454	6.4%
FX risk capital position	327	4.6%	229	3.2%
Owned property risk	262	3.6%	252	3.6%
Credit risk sovereigns	239	3.3%	210	3.0%
Credit risk banks	196	2.7%	148	2.1%
CVA risk	16	0.2%	18	0.3%
Liquidity risk	1	0.0%	0	0.0%
Risk buffer	342	4.8%	336	4.8%
Total	**7,189**	**100.0%**	**7,065**	**100.0%**

The increase in market risk and FX risk capital position compared to year-end 2019 was largely due to heightened market volatility as a result of COVID-19. The decline in economic capital for the retail credit risk was partly attributable to the fact that process risks are now no longer reported under credit risk, but under operational risk. The effect was offset by a model adjustment in operational risk.

Regional allocation of economic capital according to Group unit domicile:

in € million	30/9/2020	Share	31/12/2019	Share
Austria	2,902	40.4%	2,822	39.9%
Southeastern Europe	1,623	22.6%	1,436	20.3%
Central Europe	1,512	21.0%	1,318	18.7%
Eastern Europe	1,152	16.0%	1,489	21.1%
Rest of World	0	0.0%	0	0.0%
Total	**7,189**	**100.0%**	**7,065**	**100.0%**

Since year-end 2019, the Group has used a confidence level of 99.90 per cent to calculate economic capital. 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 year-end 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	30/9/2020	31/12/2019
Cash, cash balances at central banks and other demand deposits	28,356	19,761
Financial assets - amortized cost	118,174	112,607
Financial assets - fair value through other comprehensive income	4,643	4,555
Non-trading financial assets - mandatorily at fair value through profit / loss	738	776
Financial assets - designated fair value through profit/loss	710	2,276
Financial assets - held for trading	4,032	4,182
Hedge accounting	708	397
Current tax assets	109	61
Deferred tax assets	87	144
Other assets	776	1,028
Loan commitments given	33,608	35,136
Financial guarantees given	7,065	7,909
Other commitments given	3,342	3,298
Disclosure differences	(1,339)	(3,046)
Credit exposure[1]	**201,008**	**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 non-retail asset classes – corporates and banks – are uniform in all Group units and rank creditworthiness in 27 grades. The rating models for sovereigns generally comprise ten grades, the exception being Austrian customers with 27 grades. 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	30/9/2020	31/12/2019
Corporate customers	81,936	81,952
Project finance	7,447	7,212
Retail customers	40,980	42,185
Banks	24,020	21,978
Sovereigns	46,624	35,757
Total	**201,008**	**189,084**

RBI has implemented the corresponding regulatory requirements regarding moratoriums in the context of retail customers (private individuals, small and medium-sized entities). The customer ratings that are in the moratorium were adjusted in order to limit effects by means of various information (e.g. in some cases default day counters or arrears were set to 0 by the moratoriums). For non-retail customers, rating downgrades were carried out in all cases where necessary from an economic and financial perspective.

The shift from rating grade 2 (excellent credit standing) to rating grade 3 and 4 (very good credit standing, good credit standing) is due in particular to the (regular) update of the corporate customer rating model. In addition, there were also further downgrades for corporate customers, mainly due to COVID-19, which can be attributed to a worse economic outlook.

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		30/9/2020	Share	31/12/2019	Share
1	Minimal risk	5,135	6.3%	5,785	7.1%
2	Excellent credit standing	6,788	8.3%	11,877	14.5%
3	Very good credit standing	17,937	21.9%	13,834	16.9%
4	Good credit standing	18,703	22.8%	13,037	15.9%
5	Sound credit standing	14,234	17.4%	16,410	20.0%
6	Acceptable credit standing	11,607	14.2%	14,511	17.7%
7	Marginal credit standing	3,942	4.8%	3,853	4.7%
8	Weak credit standing/sub-standard	1,220	1.5%	766	0.9%
9	Very weak credit standing/doubtful	275	0.3%	316	0.4%
10	Default	1,402	1.7%	1,418	1.7%
NR	Not rated	695	0.8%	145	0.2%
Total		**81,936**	**100.0%**	**81,952**	**100.0%**

The credit exposure to corporate customers decreased € 16 million to € 81,936 million compared to year-end 2019.

Credit exposure in the rating grades from good credit standing to minimal risk increased € 4,030 million, corresponding to a share of 59.3 per cent (31/12/2019: 54.4 per cent).

The € 650 million decline in rating grade 1 to € 5,135 million was due to credit financing in Great Britain, and to rating downgrades of Austrian, Dutch, Danish and Slovakian corporate customers to rating grade 2. The depreciation of the Russian ruble also had a negative impact. The decline was offset by an increase in swap transactions in Great Britain. The € 5,089 million decline in rating grade 2 to € 6,788 million was attributable to facility and credit financing, and also to guarantees issued. This decline was mainly due to the currency depreciations, primarily of the Russian ruble, and to rating downgrades of Austrian, German, French and Russian corporate customers to rating grade 3.

The increase in rating grade 3 was partially offset by the rating downgrade of a corporate customer in Great Britain to rating grade 4. Additionally, rating grade 4 recorded an increase in credit and facility financing in Austria, Germany, Russia and Hungary, as well as from rating downgrades in Bulgaria, Hungary, and Russia from rating grade 3. In addition, Russian, German and Austrian corporate customers recorded rating upgrades from rating grade 5. The decline in rating grade 5 was additionally attributable to expired repo business in the United States of America. The € 2,904 million decline in rating grade 6 to € 11,607 million was mainly the result of rating shifts in the Czech Republic, Serbia, Austria and Germany to rating grade 5, and of a decline in facility and credit financing.

The depreciation of the Russian ruble and the Ukrainian hryvnia also had a negative impact. The rating shift of corporate customers from Austria, Germany and Great Britain was the main reason for the € 454 million increase in rating grade 8 to € 1,220 million. The € 550 million increase in not rated to € 695 million was due to new credit financing in the Czech Republic and Luxembourg whereby a substantial part was rated in rating grade 5 in October 2020.

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		30/9/2020	Share	31/12/2019	Share
6.1	Excellent project risk profile – very low risk	4,645	62.4%	5,367	74.4%
6.2	Good project risk profile – low risk	2,364	31.7%	1,310	18.2%
6.3	Acceptable project risk profile – average risk	113	1.5%	91	1.3%
6.4	Poor project risk profile – high risk	56	0.7%	82	1.1%
6.5	Default	265	3.6%	351	4.9%
NR	Not rated	5	0.1%	11	0.2%
Total		**7,447**	**100.0%**	**7,212**	**100.0%**

Credit exposure to project finance increased € 235 million to € 7,447 million as at 30 September 2020, mainly attributable to Romania, Austria and Serbia. 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 and Serbian customers. The rating shift was not due to rating downgrades.

At 94.1 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	30/9/2020	Share	31/12/2019	Share
Western Europe	22,901	25.6%	21,642	24.3%
Central Europe	19,453	21.8%	19,361	21.7%
Austria	17,658	19.8%	16,711	18.7%
Eastern Europe	13,416	15.0%	15,626	17.5%
Southeastern Europe	13,038	14.6%	12,819	14.4%
Asia	1,271	1.4%	1,122	1.3%
Other	1,645	1.8%	1,883	2.1%
Total	**89,384**	**100.0%**	**89,164**	**100.0%**

Credit exposure stood at € 89,384 million, € 220 million higher than at year-end 2019. The increase in Western Europe of € 1,259 million to € 22,901 million was due to credit financing and to repo business and swap transactions. The increase was partly offset by a decline in guarantees issued and documentary credits. Austria recorded a € 948 million increase to € 17,658 million as a result of credit financing. The decrease in Eastern Europe of € 2,210 million to € 13,416 million was mainly due to the depreciation of the Russian ruble, the Ukrainian hryvnia and the Belarusian ruble.

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

in € million	30/9/2020	Share	31/12/2019	Share
Manufacturing	22,032	24.6%	22,502	25.2%
Wholesale and retail trade	19,456	21.8%	20,083	22.5%
Financial intermediation	10,478	11.7%	9,775	11.0%
Real estate	10,394	11.6%	9,858	11.1%
Construction	5,533	6.2%	5,767	6.5%
Freelance/technical services	1,948	2.2%	2,047	2.3%
Transport, storage and communication	3,554	4.0%	3,602	4.0%
Electricity, gas, steam and hot water supply	3,510	3.9%	3,441	3.9%
Other industries	12,480	14.0%	12,089	13.6%
Total	**89,384**	**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	30/9/2020	Share	31/12/2019	Share
Retail customers – private individuals	37,969	92.7%	38,990	92.4%
Retail customers – small and medium-sized entities	3,011	7.3%	3,194	7.6%
Total	**40,980**	**100.0%**	**42,185**	**100.0%**

Credit exposure to retail customers according to internal rating:

in € million		30/9/2020	Share	31/12/2019	Share
0.5	Minimal risk	12,271	29.9%	12,314	29.2%
1.0	Excellent credit standing	6,649	16.2%	7,066	16.7%
1.5	Very good credit standing	5,768	14.1%	6,159	14.6%
2.0	Good credit standing	4,698	11.5%	4,891	11.6%
2.5	Sound credit standing	3,444	8.4%	3,287	7.8%
3.0	Acceptable credit standing	1,868	4.6%	1,789	4.2%
3.5	Marginal credit standing	926	2.3%	927	2.2%
4.0	Weak credit standing/sub-standard	464	1.1%	428	1.0%
4.5	Very weak credit standing/doubtful	488	1.2%	382	0.9%
5.0	Default	1,317	3.2%	1,353	3.2%
NR	Not rated	3,089	7.5%	3,588	8.5%
Total		**40,980**	**100.0%**	**42,185**	**100.0%**

As the customer ratings in the moratorium were adjusted, there were minor rating shifts in the third quarter. As at 30 September 2020, around € 3.2 billion (total of all still active moratoriums) of the retail portfolio (households and small and medium-sized entities) were in a payment moratorium that meets EBA requirements. This corresponds to around 8 per cent of the total retail portfolio. In this regard, it should also be noted that some countries (Hungary, Serbia) have a so-called opt-out rule. This means that customers have to refuse the payment moratorium on their own initiative. In most countries there is a so-called opt-in rule. This means that customers have to apply for a payment moratorium.

It should also be noted that approximately 80 per cent of the moratoriums in existence as at 30 September 2020 expire in the fourth quarter according to the current status. In some countries at least, a statutory extension is possible or not excluded.

The credit exposure to retail customers decreased € 1,205 million to € 40,980 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:

30/9/2020 in € million	Central Europe	Southeastern Europe	Eastern Europe	Group Corporates & Markets
Retail customers – private individuals	17,916	10,014	4,714	5,325
Retail customers – small and medium-sized entities	1,421	794	374	422
Total	**19,337**	**10,808**	**5,088**	**5,747**
hereof non-performing exposure	532	485	200	41

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

Volume-driven increases in mortgage loans in Central and Eastern Europe were offset by currency depreciations especially of the Russian ruble and the Czech koruna, with the result that the credit exposure in Central Europe and Eastern Europe decreased € 456 million and € 1,390 million respectively. In addition, personal loans in Central and Eastern Europe declined due to the currency depreciations.

Breakdown of retail credit exposure by products:

in € million	30/9/2020	Share	31/12/2019	Share
Mortgage loans	24,549	59.9%	24,502	58.1%
Personal loans	8,800	21.5%	9,627	22.8%
Credit cards	3,281	8.0%	3,566	8.5%
SME financing	2,320	5.7%	2,290	5.4%
Overdraft	1,540	3.8%	1,676	4.0%
Car loans	490	1.2%	524	1.2%
Total	**40,980**	**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		30/9/2020	Share	31/12/2019	Share
1	Minimal risk	3,529	14.7%	3,484	15.9%
2	Excellent credit standing	3,777	15.7%	7,723	35.1%
3	Very good credit standing	7,684	32.0%	7,742	35.2%
4	Good credit standing	6,310	26.3%	1,913	8.7%
5	Sound credit standing	2,239	9.3%	658	3.0%
6	Acceptable credit standing	269	1.1%	267	1.2%
7	Marginal credit standing	139	0.6%	165	0.8%
8	Weak credit standing/sub-standard	63	0.3%	9	0.0%
9	Very weak credit standing/doubtful	0	0.0%	2	0.0%
10	Default	4	0.0%	4	0.0%
NR	Not rated	5	0.0%	12	0.1%
Total		**24,020**	**100.0%**	**21,978**	**100.0%**

The credit exposure amounted to € 24,020 million. Compared to year-end 2019, this was an increase of € 2,042 million.

Rating grade 2 decreased € 3,946 million to € 3,777 million, due to rating downgrades of Austrian and Czech banks to rating grade 3 and to a reduction in exposure in the Czech Republic. The increase in rating grade 3 was offset by a decline in repo business in Spain and Italy and by rating downgrades of Canadian, German, French and Spanish banks to rating grade 4. Increasing repo business in France and Italy was mainly responsible for the € 1,581 million increase in rating grade 5 to € 2,239 million.

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

in € million	30/9/2020	Share	31/12/2019	Share
Repo	8,324	34.7%	7,353	33.5%
Loans and advances	5,233	21.8%	5,104	23.2%
Bonds	3,515	14.6%	3,497	15.9%
Money market	2,854	11.9%	2,149	9.8%
Derivatives	2,795	11.6%	2,466	11.2%
Other	1,300	5.4%	1,409	6.4%
Total	**24,020**	**100.0%**	**21,978**	**100.0%**

The increase in repo business resulted from France and Italy, with Spain and Russia (mainly due to the depreciation of the Russian ruble) recording decreases. Austria, Belgium and Germany were mainly responsible for the increase in money market transactions.

Credit portfolio – Sovereigns

Another asset class is formed by central governments, central banks, and regional municipalities as well as other public sector entities. The credit exposure to sovereigns includes Local and Regional Government (LRG). The allocation of LRG-related customers to the respective internal rating category is based on the RBI's internal rating model for LRG.

The table below provides a breakdown of the credit exposure to sovereigns (including central banks) by internal rating:

in € million		30/9/2020	Share	31/12/2019	Share
A1	Excellent credit standing	1,149	2.5%	898	2.5%
A2	Very good credit standing	20,968	45.0%	13,396	37.5%
A3	Good credit standing	9,826	21.1%	8,302	23.2%
B1	Sound credit standing	763	1.6%	532	1.5%
B2	Average credit standing	9,123	19.6%	7,826	21.9%
B3	Mediocre credit standing	2,602	5.6%	2,733	7.6%
B4	Weak credit standing	695	1.5%	665	1.9%
B5	Very weak credit standing	1,420	3.0%	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	77	0.2%	8	0.0%
Total		**46,624**	**100.0%**	**35,757**	**100.0%**

Compared to year-end 2019, the credit exposure to sovereigns rose € 10,867 million to € 46,624 million.

Rating grade A2 recorded an increase of € 7,572 million to € 20,968 million as a result of deposits at the Austrian National Bank and the bond portfolio in Germany and France. Rating grade A3 recorded an increase of € 1,524 million to € 9,826 million due to an increase in the bond portfolio in the Czech Republic and Slovakia, and to rating upgrades in Germany and Ireland from rating grade B1. The increase was partly offset by a decline in the minimum reserve of the National Bank of Slovakia. The € 1,297 million increase in rating grade B2 to € 9,123 million resulted from an increase in the bond portfolio and from overdraft facilities in Romania. In addition, Croatia and Italy recorded rating downgrades from B2 to B3, while Hungary's rating improved from B3 to B2. Spain's rating improved from B2 to B1.

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

in € million	30/9/2020	Share	31/12/2019	Share
Loans and advances	23,061	49.5%	16,089	45.0%
Bonds	17,202	36.9%	14,350	40.1%
Repo	3,804	8.2%	3,628	10.1%
Money market	2,403	5.2%	1,513	4.2%
Derivatives	91	0.2%	57	0.2%
Other	63	0.1%	121	0.3%
Total	**46,624**	**100.0%**	**35,757**	**100.0%**

Loans and advances recorded a € 6,972 million increase to € 23,061 million, mainly due to deposits at the Austrian National Bank. The increase was partly offset by reductions in the minimum reserve at the National Bank of Slovakia. Bonds recorded an increase of € 2,852 million to € 17,202 million in France, the Czech Republic, Germany and Slovakia. Increasing money market transactions in Hungary, Russia and Ukraine were mainly responsible for the € 890 million increase to € 2,403 million.

Due to an updating of the allocation between internal and external ratings, rating grade B4 and below was defined as non-investment grade. Non-investment grade credit exposure to sovereigns (rating B4 and below):

in € million	30/9/2020	Share	31/12/2019	Share
Ukraine	818	37.3%	696	33.7%
Albania	670	30.5%	638	30.8%
Bosnia and Herzegovina	343	15.7%	396	19.1%
Belarus	175	8.0%	245	11.8%
Other	187	8.5%	94	4.6%
Total	**2,194**	**100.0%**	**2,069**	**100.0%**

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

The increase in Ukraine was attributable to the increase in money market transactions. The increase was partly offset by the decrease in the minimum reserve and by the depreciation of the Ukrainian hryvnia.

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 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. Due to the 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	30/9/2020	31/12/2019	30/9/2020	31/12/2019	30/9/2020	31/12/2019
General governments	2	2	0.1%	0.2%	98.5%	98.8%
Banks	4	4	0.0%	0.0%	68.8%	100.0%
Other financial corporations	101	56	0.8%	0.5%	38.6%	58.7%
Non-financial corporations	1,630	1,734	3.7%	3.9%	61.6%	57.4%
Households	1,087	1,141	3.1%	3.2%	70.1%	66.8%
Loans and advances	**2,824**	**2,938**	**2.1%**	**2.4%**	**64.1%**	**61.2%**
Bonds	**12**	**11**	**0.1%**	**0.1%**	**–**	**–**
Total	**2,837**	**2,949**	**1.9%**	**2.1%**	**63.8%**	**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 30/9/2020
General governments	2	0	2	(2)	2
Banks	4	0	0	0	4
Other financial corporations	56	(1)	50	(3)	101
Non-financial corporations	1,734	(57)	397	(444)	1,630
Households	1,141	(67)	302	(290)	1,087
Loans and advances (NPL)	**2,938**	**(126)**	**751**	**(739)**	**2,824**
Bonds	**11**	**0**	**1**	**0**	**12**
Total (NPE)	**2,949**	**(126)**	**752**	**(739)**	**2,837**

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 € 113 million. In organic terms, the volume increased € 13 million. In contrast, general currency movements led to a € 126 million reduction, primarily due to the depreciation of the Russian ruble and the Ukrainian hryvnia. Sales of non-performing loans worth € 122 million and the derecognition of commercially uncollectible loans in the amount of € 141 million were also recorded and mainly stemmed from Central Europe in the amount of € 110 million, Southeastern Europe in the amount of € 65 million and Eastern Europe in the amount of € 60 million and RBI AG in the amount of € 25 million. The NPE ratio based on total exposure decreased 0.2 percentage points to 1.9 per cent and the NPE coverage ratio increased 2.8 percentage points to 63.8 per cent.

Since the start of the year, non-financial corporations recorded a decline in non-performing exposure of € 104 million to € 1,630 million, mainly due to sales in the Group Corporates & Markets segment in a total amount of € 24 million, in Central Europe in an amount of € 20 million and in Eastern Europe in an amount of € 16 million, while Southeastern Europe primarily recorded derecognitions in a total amount of € 20 million. The ratio of non-performing exposure decreased 0.2 percentage points to 3.7 per cent, and the coverage ratio increased 4.2 percentage points to 61.6 per cent.

In the households portfolio, non-performing exposure decreased € 54 million to € 1,087 million, mainly due to derecognitions in Central Europe in an amount of € 65 million and sales of € 13 million, offset by increases in non-performing exposure in Southeastern Europe of € 26 million and of € 15 million in Eastern Europe. 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 3.3 percentage points to 70.1 per cent. In the other financial corporations portfolio, the non-performing exposure increased € 45 million to € 101 million. The NPE ratio increased 0.3 percentage points to 0.8 per cent and the NPE coverage ratio decreased 20.2 percentage points to 38.6 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	30/9/2020	31/12/2019	30/9/2020	31/12/2019	30/9/2020	31/12/2019
Central Europe	820	989	1.9%	2.4%	65.0%	58.6%
Southeastern Europe	751	747	2.7%	3.0%	71.0%	69.9%
Eastern Europe	432	438	2.3%	2.0%	56.3%	60.0%
Group Corporates & Markets	830	771	1.7%	1.7%	60.0%	55.9%
Corporate Center	5	5	0.0%	0.0%	56.6%	47.0%
Total	**2,837**	**2,949**	**1.9%**	**2.1%**	**63.8%**	**61.0%**

In Central Europe, the non-performing exposure declined € 169 million to € 820 million, primarily due to declines in Poland in non-financial corporations of € 64 million and in households of € 57 million. The NPE ratio decreased 0.5 percentage points to 1.9 per cent, and the NPE coverage ratio increased 6.4 percentage points to 65.0 per cent.

In Southeastern Europe, non-performing exposure increased € 4 million to € 751 million, mainly driven by increases in the households segment of € 26 million, offset by derecognitions primarily in Romania of € 31 million. The NPE ratio fell 0.2 percentage points to 2.7 per cent, and the NPE coverage ratio increased 1.0 percentage point compared to the start of the year to 71.0 per cent.

The Eastern Europe segment reported a decrease in non-performing exposure of € 6 million to € 432 million due to Ukraine with a total decline of € 34 million, mainly driven by the significant depreciation of the Ukrainian hryvnia and sales and derecognitions in a total amount of € 24 million. In contrast, Russia recorded an increase in a total amount of € 28 million, the households segment in an amount of € 13 million and non-financial corporations in an amount of € 16 million, partly offset by the depreciation of the Russian ruble. The ratio of non-performing exposure to credit exposure in Eastern Europe increased 0.3 percentage points to 2.3 per cent, and the NPE coverage ratio decreased 3.7 percentage points to 56.3 per cent.

The non-performing exposure in the Group Corporates & Markets segment increased € 59 million compared to the beginning of the year to € 830 million. In the reporting period, the non-performing exposure at RBI AG rose € 54 million, while at Raiffeisen Leasing Group it remained unchanged compared to the start of the year at € 98 million. The NPE ratio remained constant compared to the beginning of the year at 1.7 per cent and the NPE coverage ratio increased 4.1 percentage points to 60.0 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	30/9/2020	31/12/2019	30/9/2020	31/12/2019	30/9/2020	31/12/2019
General governments	0	0	2	0	2	0
Banks	0	0	0	0	0	0
Other financial corporations	7	7	32	28	39	35
Non-financial corporations	28	35	837	864	865	899
Households[1]	7	16	238	254	246	271
Total	**42**	**58**	**1,109**	**1,147**	**1,151**	**1,205**

1 Adaptation of previous-year figures

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

Non-performing exposure with restructuring measures by segments:

in € million	30/9/2020	Share	31/12/2019[1]	Share
Central Europe	197	17.1%	275	22.8%
Southeastern Europe	268	23.3%	271	22.5%
Eastern Europe	205	17.8%	213	17.7%
Group Corporates & Markets	481	41.8%	446	37.0%
Total	**1,151**	**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	30/9/2020	Share	31/12/2019	Share
Central Europe	**51,716**	**25.7%**	**50,670**	**26.8%**
Czech Republic	21,677	10.8%	21,539	11.4%
Slovakia	17,419	8.7%	16,672	8.8%
Hungary	7,735	3.8%	7,338	3.9%
Poland	4,464	2.2%	4,728	2.5%
Other	421	0.2%	393	0.2%
Austria	**46,894**	**23.3%**	**38,381**	**20.3%**
Other European Union	**38,011**	**18.9%**	**32,837**	**17.4%**
Germany	11,332	5.6%	10,454	5.5%
Great Britain	9,297	4.6%	8,192	4.3%
France	5,918	2.9%	4,191	2.2%
Luxembourg	2,963	1.5%	2,339	1.2%
Spain	1,852	0.9%	1,990	1.1%
Netherlands	1,734	0.9%	1,308	0.7%
Italy	1,336	0.7%	1,305	0.7%
Other	3,579	1.8%	3,058	1.6%
Southeastern Europe	**31,736**	**15.8%**	**30,497**	**16.1%**
Romania	12,059	6.0%	11,581	6.1%
Bulgaria	5,639	2.8%	5,247	2.8%
Croatia	5,345	2.7%	5,417	2.9%
Serbia	3,883	1.9%	3,503	1.9%
Bosnia and Herzegovina	2,198	1.1%	2,262	1.2%
Albania	1,646	0.8%	1,600	0.8%
Other	967	0.5%	887	0.5%

in € million	30/9/2020	Share	31/12/2019	Share
Eastern Europe	**23,615**	**11.7%**	**27,455**	**14.5%**
Russia	18,410	9.2%	21,425	11.3%
Ukraine	3,115	1.5%	3,612	1.9%
Belarus	1,855	0.9%	2,184	1.2%
Other	234	0.1%	235	0.1%
North America	**2,966**	**1.5%**	**2,740**	**1.4%**
Switzerland	**2,302**	**1.1%**	**2,691**	**1.4%**
Asia	**2,128**	**1.1%**	**2,269**	**1.2%**
Rest of World	**1,640**	**0.8%**	**1,543**	**0.8%**
Total	**201,008**	**100.0%**	**189,084**	**100.0%**

Credit exposure across all asset classes increased € 11,924 million to € 201,008 million compared to year-end 2019. The € 1,046 million increase in Central Europe to € 51,716 million was mainly attributable to credit financing and money market transactions in Hungary and to the bond portfolio and credit financing in Slovakia. The increase was offset by the depreciation of the Czech koruna, Hungarian forint, and the Polish zloty, and by the reduction in the minimum reserve of the National Bank of Slovakia and in facility financing in Hungary. Austria recorded an increase of € 8,513 million to € 46,894 million as a result of deposits at the Austrian National Bank in an amount of € 6,255 million and of credit financing. The € 5,174 million increase in the rest of the European Union to € 38,011 million was largely attributable to bonds and repo business in France, Germany and Great Britain. In addition, swap transactions in Great Britain increased. The decline in Russia was mainly responsible for the € 3,840 million decrease to € 23,615 million in Eastern Europe. In addition to the depreciation of the Russian ruble, repo transactions and guarantees issued declined. 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	30/9/2020	Share	31/12/2019	Share
Euro (EUR)	114,795	57.1%	100,663	53.2%
Czech koruna (CZK)	19,250	9.6%	19,376	10.2%
US dollar (USD)	18,934	9.4%	18,008	9.5%
Russian ruble (RUB)	13,842	6.9%	17,261	9.1%
Romanian leu (RON)	8,086	4.0%	7,509	4.0%
Hungarian forint (HUF)	5,970	3.0%	5,805	3.1%
Bulgarian lev (BGN)	3,562	1.8%	3,256	1.7%
Croatian kuna (HRK)	3,075	1.5%	3,086	1.6%
Swiss franc (CHF)	2,709	1.3%	2,917	1.5%
Ukrainian hryvnia (UAH)	2,531	1.3%	2,806	1.5%
Bosnian marka (BAM)	2,197	1.1%	2,251	1.2%
Serbian dinar (RSD)	1,733	0.9%	1,549	0.8%
Albanian lek (ALL)	1,165	0.6%	1,121	0.6%
Other foreign currencies	3,160	1.6%	3,476	1.8%
Total	**201,008**	**100.0%**	**189,084**	**100.0%**

The increase in euro exposure of € 14,131 million to € 114,795 million was due to deposits at the Austrian National Bank, the bond portfolio of the Republic of Austria and to credit financing. The € 926 million increase in US dollar exposure to € 18,934 million was mainly due to credit financing and to repo business and swap transactions. The decline in the Russian ruble was due to the currency depreciation.

The depreciation of the Czech koruna was offset by an increase in the bond portfolio. The depreciation of the Hungarian forint was more than offset by the increase in money market transactions and credit financing.

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

in € million	30/9/2020	Share	31/12/2019	Share
Banking and insurance	60,632	30.2%	50,884	26.9%
Private households	38,089	18.9%	39,134	20.7%
Public administration and defense and social insurance institutions	17,512	8.7%	13,771	7.3%
Wholesale trade and commission trade (except car trading)	13,750	6.8%	14,806	7.8%
Other manufacturing	16,729	8.3%	16,565	8.8%
Real estate activities	10,571	5.3%	10,183	5.4%
Construction	5,930	3.0%	6,169	3.3%
Other business activities	2,245	1.1%	2,313	1.2%
Retail trade except repair of motor vehicles	5,621	2.8%	5,099	2.7%
Electricity, gas, steam and hot water supply	3,645	1.8%	3,684	1.9%
Manufacture of basic metals	2,700	1.3%	2,788	1.5%
Other transport	1,794	0.9%	1,764	0.9%
Land transport, transport via pipelines	2,191	1.1%	2,233	1.2%
Manufacture of food products and beverages	2,211	1.1%	2,451	1.3%
Manufacture of machinery and equipment	1,758	0.9%	1,864	1.0%
Sale of motor vehicles	1,185	0.6%	1,301	0.7%
Extraction of crude petroleum and natural gas	1,097	0.5%	1,103	0.6%
Other industries	13,348	6.6%	12,971	6.9%
Total	**201,008**	**100.0%**	**189,084**	**100.0%**

The impact of the COVID-19 crisis was felt most strongly in the tourism, automotive, air travel, oil and gas, real estate and consumer goods sectors.

(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 and open currency positions, 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 30/9/2020	Average VaR	Minimum VaR	Maximum VaR	VaR as at 31/12/2019
Currency risk	7	15	7	38	9
Interest rate risk	15	30	13	77	20
Credit spread risk	36	44	21	116	22
Share price risk	1	0	0	1	0
Vega Risiko[1]	4	5	3	13	3
Basis risk	2	5	2	15	3
Total	40	59	30	148	31

1 Adaptation of previous-year figures due to a change in the Vega simulation

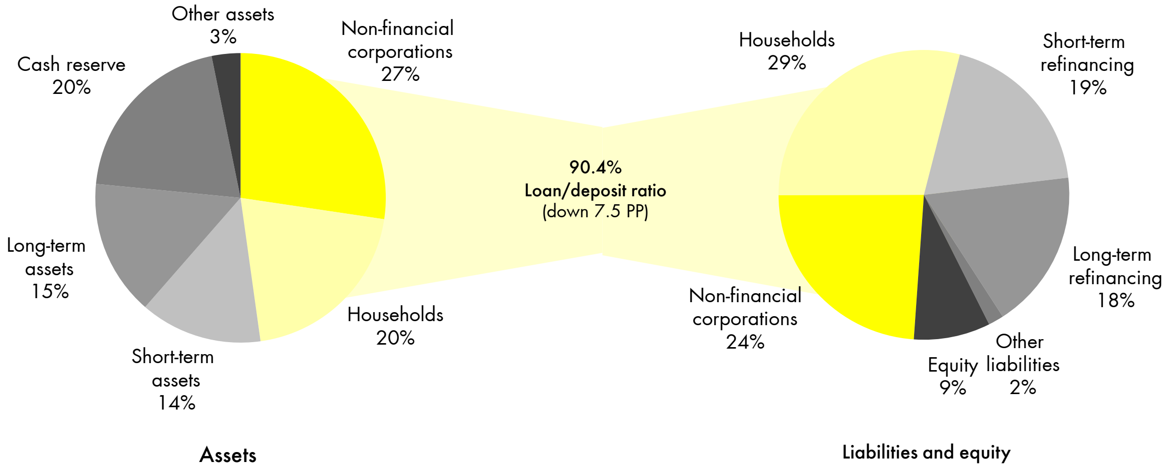
The rise in the VaR is largely attributable to the significant increase in credit spread risk in the euro financial sector as a result of COVID-19 and to the spread of Slovakian and Czech sovereign bonds. The introduction of new ruble hedges made it possible to offset the negative performance of other currencies such as the Czech koruna. The reduction in the interest rate risk was mainly driven by the euro yield curve.

The following measures are taken by market risk management in order to counter the COVID-19 crisis. Market trends and position changes for RBI AG and the Group units are monitored more intensely. In addition, trends on local markets are updated daily and risk management is actively controlled to be able to respond quickly to changes. The aim is to adapt limits to the risk appetite, close positions where necessary, build up liquidity buffers where market conditions are more favorable, and adapt models to local and global measures (moratoriums) where necessary.

(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	30/9/2020		31/12/2019	
Maturity	1 month	1 year	1 month	1 year
Liquidity gap	30,279	31,966	23,374	27,931
Liquidity ratio	163%	133%	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	30/9/2020	31/12/2019
Average liquid assets	**35,687**	**29,168**
Net outflows	**21,052**	**20,777**
Inflows	14,714	12,079
Outflows	35,766	32,856
Liquidity Coverage Ratio in per cent	**170%**	**140%**

Due to a significant increase in customer deposits within RBI, both the liquid assets and also the outflows of customer deposits have increased. The growth in inflows was mainly attributable to reverse repo transactions of 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	30/9/2020	31/12/2019
Required stable funding	107,255	109,882
Available stable funding	130,869	122,986
Net Stable Funding Ratio in per cent	**122%**	**112%**

During the COVID-19 crisis a stable liquidity situation was observed within RBI. Generally speaking, the crisis confirmed RBI's strong liquidity position and the ability to respond quickly in the event of a lack of market-sensitive refinancing sources. The reporting frequency for significant reports was massively increased within a few days.

This shows that the infrastructure can be quickly adapted in times of crisis. An increase of around 10 per cent in drawn loan commitments was observed among corporate customers. No significant increase was recorded for drawn loan commitments among financial customers. On account of the strong brand name, the Group units have observed a significant increase in customer deposits since the start of the COVID-19 crisis. Term deposits of corporate customers have proven a strong source of refinancing during the crisis.

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.

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 occurrence. 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 – raise claims against RBHR already now. 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. In this connection, the provision recognized on a portfolio basis was increased to € 31 million based on updated parameters.

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. As at end September 2020, the total amount in controversy amounted to approximately PLN 600 million (€ 132 million) and the number of such lawsuits is still increasing. 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.

A significant increase of inflow of new cases has been observed since the beginning of 2020 which is caused by the ECJ preliminary ruling and intensified marketing activity of law firms acting on behalf of borrowers. Such increased inflow of new cases has not only been observed by the Issuer's Polish branch but by all banks handling currency loan portfolios in Poland.

Furthermore, Polish common courts decided to approach the ECJ with requests for a preliminary ruling in other three civil proceedings which could lead to the provision on further ECJ's clarifications and may influence on how court cases concerning currency loans are decided by national Polish courts. However, proceedings before the ECJ are currently at a very early stage. RBI is directly involved in one of these proceedings.

The impact assessment may also be influenced in relation to affected FX-indexed or FX-denominated loan agreements by the outcome of ongoing administrative proceedings concerning, inter alia, practice infringing the collective consumer interests and the classification of clauses in standard agreements as unfair, carried out by the President of the Office of Competition and Consumer Protection (UOKiK) against the Issuer's Polish branch.

Apart from the above, a number of further administrative proceedings in connection with FX-indexed or FX-denominated credit or loan agreements is currently carried out by the President of the UOKiK against the Issuer's Polish branch based on the alleged practice of infringement of collective consumer interests and the classification of clauses in standard agreements as unfair/abusive. Such proceedings may result in administrative fines imposed on the Issuer's Polish branch – and in case of appeals – in administrative court proceedings.

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 € 76 million based on updated parameters.

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 favor 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.

In July 2014, the ANCP had issued a decision applicable to Raiffeisen Bank S.A., Bucharest, asking the bank to stop the practice of including the credit management commission in the interest margin on occasion of the restructuring of consumer loans. Although, provisions describing that method were included in the respective agreements, ANCP has the opinion that those provisions were not clear enough. Initially, the way how the ANCP decision should be implemented was not clear, however, after a dispute in court that was lost by Raiffeisen Bank S.A. in June 2020, it is now understood that the implementation would mean returning a portion of the interest rate to all consumers to whom such practice had been applied, at least for the period starting from July 2014 until either the point of time such borrowers entered into a new agreement on the interest rate or the point of time Raiffeisen Bank S.A. actually implements the court decision. This also applies to originally affected loans that were repaid in the meantime. After obtaining an external expert opinion on the concrete implementation of the court ruling, the Romanian network bank reduced its estimate of the negative financial impact from an originally expected amount of € 17 million down to € 3.5 million. An exact quantification remains impossible to provide as ANPC is still allowed to appeal the aforementioned implementation of the court ruling.

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). At a later point in time, the alleged damage was reduced to USD 30.5 million (€ 27 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 2017, a French company filed a lawsuit at the commercial court in Warsaw 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. As regards the lawsuit against RBI, the commercial court in Warsaw declined jurisdiction in May 2019. The decision was appealed. In the course of the sale of the core banking operations of RBPL by way of demerger to Bank BGZ BNP Paribas S.A. in 2018, the lawsuit against RBPL was allocated to Bank BGZ BNP Paribas S.A. However, RBI agreed to fully indemnify Bank BGZ BNP Paribas S.A. for any negative financial consequences in connection with said proceedings.

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 its entirety. 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. The Cypriot plaintiff appealed the judgement in January 2020.

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 Cypriot claimant filed an appeal against this first-instance judgement in January 2020.

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 went through bankruptcy proceedings and the bankruptcy trustee has filed to the Commercial court a request for withdrawal of the claim. A ruling on the termination of the lawsuit against RBHR has not yet been issued by the Commercial court in Zagreb.

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. To date, no ruling was passed.

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, 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 June 2020, the claim was dismissed by the appellate court. The claimant again 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 commercially responsible for negative financial consequences in connection with said proceedings and was invited by BNP to join the lawsuit 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 June 2020, the arbitral tribunal issued an award holding that it has no jurisdiction over the claims and disputes raised by claimant. This arbitral award and the question of jurisdiction could still be challenged before English courts.

In February 2020, Raiffeisen-Leasing GmbH (RL) was served with a lawsuit in Austria for an amount of approximately € 43 million. The plaintiff claims damages alleging that RL had breached its obligations under a real estate development agreement. According to the assessment of RL and its lawyers, this claim is very unlikely to succeed, in particular given the fact that a similar claim of the plaintiff was rejected by the Austrian Supreme Court in a previous legal dispute. In this case already two applications for legal aid filed by the plaintiff have been rejected by the Commercial Court of Vienna because of malicious abuse of right.

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 argues that an object financed by RBIL was sold below market value after termination of the finance agreement, while he would have been able to obtain a considerably higher price. RBIL maintains that the financed property was offered to the claimant prior to conclusion of the final purchase agreement with the third party.

In September 2020, Raiffeisen-Leasing Immobilienmanagement GmbH (RIM), a wholly owned subsidiary of Raiffeisen-Leasing Gesellschaft m.b.H., was served with a statement of claim filed in a court in Brescia, Italy, by an Italian company. The plaintiff is seeking approximately € 30 million in damages for an alleged breach of a syndication agreement in connection with the joint development of a factory outlet center in Italy. The syndication agreement between RIM and the plaintiff was concluded in 2011 upon the formation of a joint project company. In 2012, however, it turned out that various conditions for the realization of the project could not be met. As a result, RIM refrained from going forward with the project and sold its share in the project company to the plaintiff. The plaintiff now alleges that RIM violated the original syndication agreement by discontinuing the project.

Regulatory enforcement

RBI and its subsidiaries are subject to numerous national and international 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 payments of state premiums on savings by RBL had not been met. Thus, allegedly, such premiums may 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 court dispute against the findings of the Romanian Court of Auditors and won over the most relevant alleged deficiencies. 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, a tax review and tax proceedings led to or may lead to an extraordinary tax burden of approximately € 27 million. Additionally, late payment interest and penalty payments may be imposed.

In Romania, tax assessments by the Romanian tax authorities relating especially to loan sales could result in an extraordinary tax burden of approximately € 30 million plus about € 22 million in penalty payments.

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.

30/9/2020 in € million	Companies with significant influence	Affiliated companies	Investments in associates valued at equity	Other interests
Selected financial assets	**18**	**502**	**1,099**	**620**
Equity instruments	0	229	697	214
Debt securities	14	0	166	12
Loans and advances	3	274	236	394
Selected financial liabilities	**2,323**	**81**	**5,311**	**546**
Deposits	2,323	80	5,311	546
Debt securities issued	0	1	0	0
Other items	**158**	**17**	**328**	**107**
Loan commitments, financial guarantees and other commitments given	144	17	300	107
Loan commitments, financial guarantees and other commitments received	15	0	28	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

1/1-30/9/2020 in € million	Companies with significant influence	Affiliated companies	Investments in associates valued at equity	Other interests
Interest income	6	2	9	4
Interest expenses	(13)	(1)	(22)	(1)
Dividend income	0	6	0	11
Fee and commission income	5	4	10	4
Fee and commission expenses	(2)	0	(6)	(13)

1/1-30/9/2019 in € million	Companies with significant influence	Affiliated companies	Investments in associates valued at equity	Other interests
Interest income	2	4	6	5
Interest expenses	(6)	(1)	(21)	(2)
Dividend income	0	13	41	2
Fee and commission income	2	4	9	4
Fee and commission expenses	(2)	(11)	(5)	(1)

(51) Average number of staff

Full-time equivalents	1/1-30/9/2020	1/1-30/9/2019
Salaried employees	45,990	46,615
Wage earners	622	607
Total	**46,612**	**47,222**

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 30 September 2020, the CET1 requirement (including the combined buffer requirement) is 10.4 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. Since 2019, after a progressive increase, for RBI the SRB has been set at 2 per cent.

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 considered 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).

Common equity tier 1 (CET1) after deductions amounted to € 10,055 million, representing a € 807 million reduction compared to the 2019 year-end figure. Material factors behind the reduction were foreign exchange effects directly recognized in equity and new provisioning for impairment losses. The dividend proposal originally announced for the 2019 financial year (€ 1 per share) and the budgeted dividend proposal for 2020 remain deducted from CET1. Tier 1 capital after deductions declined € 314 million to € 11,778 million. While the decline was caused by the reduction in CET1, Tier 1 capital was increased by the issuance of € 500 million of additional tier 1 capital in July. Tier 2 capital rose € 210 million to € 2,150 million. The increase was driven by the issuance of a Tier 2 bond in June, offset by the regulatory amortization of outstanding issues. Total capital amounted to € 13,928 million, representing a reduction of € 104 million compared to the 2019 year-end figure.

Total risk-weighted assets (RWA) increased € 2,180 million from the end of 2019 to € 80,146 million. 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 contrasted with negative currency effects, especially from the Russian ruble, the Ukrainian hryvnia, and the Czech koruna, and the impact of rating downgrades. An increase in market risk, driven by the rise in volatility caused by the COVID-19 pandemic, also contributed to an increase in RWA.

This resulted in a (fully loaded) common equity tier 1 ratio of 12.5 per cent, a tier 1 ratio of 14.6 per cent and a total capital ratio of 17.3 per cent. The inclusion of third quarter results led to the following (fully loaded) capital ratios: the common equity tier 1 ratio declined 0.9 percentage points to 13.1 per cent while the tier 1 ratio came in at 15.1 per cent (down 0.3 percentage points) and the total capital ratio reached 17.8 per cent (down 0.1 percentage points).

in € million	30/9/2020	31/12/2019
Capital instruments and the related share premium accounts	5,974	5,974
Retained earnings	8,287	7,986
Accumulated other comprehensive income (and other reserves)	(3,641)	(2,801)
Minority interests (amount allowed in consolidated CET1)	399	499
Common equity tier 1 (CET1) capital before regulatory adjustments	**11,019**	**11,659**
Additional value adjustments (negative amount)	(57)	(55)
Deductions for new net provisioning	(189)	0
Intangible assets (net of related tax liability) (negative amount)	(723)	(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)	(10)	(16)
Fair value reserves related to gains or losses on cash flow hedges	1	(1)
Gains or losses on liabilities valued at fair value resulting from changes in own credit standing	42	56
Exposure amount of the following items which qualify for a risk weight of 1250%, where the institution opts for the deduction alternative	(27)	(18)
hereof: securitization positions (negative amount)	(27)	(18)
Total regulatory adjustments to common equity tier 1 (CET1)	**(964)**	**(797)**
Common equity tier 1 (CET1) capital	**10,055**	**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	1,635	1,139
Additional tier 1 (AT1) capital	**1,723**	**1,230**
Tier 1 capital (T1 = CET1 + AT1)	**11,778**	**12,092**
Capital instruments and the related share premium accounts	1,892	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	(3)	19
Credit risk adjustments	261	242
Tier 2 (T2) capital	**2,150**	**1,940**
Total capital (TC = T1 + T2)	**13,928**	**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)	**80,146**	**77,966**
Total risk-weighted assets (RWA)	**80,146**	**77,966**

Total capital requirement and risk-weighted assets

in € million	30/9/2020		31/12/2019	
	Risk-weighted exposure	Capital requirement	Risk-weighted exposure	Capital requirement
Total risk-weighted assets (RWA)	**80,146**	**6,412**	**77,966**	**6,237**
Risk-weighted exposure amounts for credit, counterparty credit and dilution risks and free deliveries	**66,801**	**5,344**	**65,851**	**5,268**
Standardized approach (SA)	**23,130**	**1,850**	**25,281**	**2,023**
Exposure classes excluding securitization positions	23,130	1,850	25,281	2,023
Central governments or central banks	1,008	81	956	76
Regional governments or local authorities	97	8	101	8
Public sector entities	32	3	28	2
Institutions	210	17	227	18
Corporates	4,823	386	5,506	440
Retail	5,040	403	5,718	457
Secured by mortgages on immovable property	7,148	572	7,455	596
Exposure in default	416	33	479	38
Items associated with particular high risk	143	11	139	11
Covered bonds	11	1	13	1
Collective investments undertakings (CIU)	18	1	75	6
Equity	1,568	125	1,816	145
Other items	2,617	209	2,770	222
Internal ratings based approach (IRB)	**43,671**	**3,494**	**40,570**	**3,246**
IRB approaches when neither own estimates of LGD nor conversion factors are used	**36,487**	**2,919**	**33,561**	**2,685**
Central governments or central banks	2,160	173	1,817	145
Institutions	2,507	201	1,457	117
Corporates - SME	3,935	315	5,086	407
Corporates - Specialized lending	3,229	258	3,261	261
Corporates - Other	24,658	1,973	21,940	1,755
IRB approaches when own estimates of LGD and/or conversion factors are used	**6,770**	**542**	**6,547**	**524**
Retail - Secured by real estate SME	195	16	168	13
Retail - Secured by real estate non-SME	2,595	208	2,558	205
Retail - Qualifying revolving	277	22	296	24
Retail - Other SME	516	41	521	42
Retail - Other non-SME	3,187	255	3,004	240
Equity	414	33	462	37
Simple risk weight approach	0	0	0	0
Other equity exposure	0	0	0	0
PD/LGD approach	0	0	0	0

in € million	30/9/2020		31/12/2019	
	Risk-weighted exposure	Capital requirement	Risk-weighted exposure	Capital requirement
Total risk exposure amount for settlement/delivery	**64**	**5**	**44**	**4**
Settlement/delivery risk in the non-trading book	61	5	44	3
Settlement/delivery risk in the trading book	3	0	0	0
Total risk exposure amount for position, foreign exchange and commodities risk	**4,908**	**393**	**3,393**	**271**
Risk exposure amount for position, foreign exchange and commodities risks under standardized approaches (SA)	**2,151**	**172**	**2,108**	**169**
Traded debt instruments	1,702	136	1,651	132
Equity	145	12	158	13
Particular approach for position risk in CIUs	4	0	1	0
Foreign exchange	298	24	289	23
Commodities	3	0	8	1
Risk exposure amount for position, foreign exchange and commodities risks under internal models (IM)	**2,757**	**221**	**1,285**	**103**
Total risk exposure amount for operational risk	**7,647**	**612**	**7,802**	**624**
OpR standardized (STA) /alternative standardized (ASA) approaches	3,361	269	3,694	296
OpR advanced measurement approaches (AMA)	4,286	343	4,108	329
Total risk exposure amount for credit valuation adjustments	**201**	**16**	**223**	**18**
Standardized method	201	16	223	18
Other risk exposure amounts	**526**	**42**	**653**	**52**
of which risk-weighted exposure amounts for credit risk: securitization positions (revised securitization framework)	526	42	653	52

Capital ratios[1]

in per cent	30/9/2020	31/12/2019
Common equity tier 1	12.5%	13.9%
Tier 1 ratio	14.6%	15.4%
Total capital ratio	17.3%	17.9%

1 Fully loaded

Leverage ratio

The leverage ratio is defined in Part 7 of the CRR and as at 30 September 2020 was not yet a mandatory quantitative requirement. Until then it serves for information only.

in € million	30/9/2020	31/12/2019
Leverage exposure	191,794	178,226
Tier 1	11,778	12,092
Leverage ratio in per cent[1]	**6.1%**	**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

There were no significant events after the reporting date.

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