Raiffeisen Bank International
Member of RBI Group

First Quarter Report 2021

Overview

Raiffeisen Bank International (RBI)			
Monetary values in € million	**2021**	**2020**	**Change**
Income statement	**1/1-31/3**	**1/1-31/3**	
Net interest income	767	881	(13.0)%
Net fee and commission income	434	448	(3.2)%
General administrative expenses	(692)	(732)	(5.4)%
Operating result	567	689	(17.7)%
Impairment losses on financial assets	(79)	(153)	(48.7)%
Profit/loss before tax	321	286	12.1%
Profit/loss after tax	243	207	17.3%
Consolidated profit/loss	216	177	22.2%
Statement of financial position	**31/3**	**31/12**	
Loans to banks	13,644	11,952	14.2%
Loans to customers	91,861	90,671	1.3%
Deposits from banks	37,242	29,121	27.9%
Deposits from customers	104,211	102,112	2.1%
Equity	14,576	14,288	2.0%
Total assets	176,152	165,959	6.1%
Key ratios	**1/1-31/3**	**1/1-31/3**	
Return on equity before tax	9.0%	8.5%	0.5 PP
Return on equity after tax	6.8%	6.1%	0.7 PP
Consolidated return on equity	6.5%	5.6%	1.0 PP
Cost/income ratio	55.0%	51.5%	3.5 PP
Cost/income ratio (incl. compulsory contributions)	65.3%	63.3%	2.0 PP
Return on assets before tax	0.76%	0.74%	0.02 PP
Net interest margin (average interest-bearing assets)	1.94%	2.43%	(0.49) PP
Provisioning ratio (average loans to customers)	0.35%	0.66%	(0.31) PP
Bank-specific information	**31/3**	**31/12**	
NPE ratio	1.8%	1.9%	(0.1) PP
NPE coverage ratio	61.2%	61.5%	(0.3) PP
Total risk-weighted assets (RWA)	81,362	78,864	3.2%
Common equity tier 1 ratio[1]	13.6%	13.6%	(0.1) PP
Tier 1 ratio[1]	15.6%	15.7%	(0.1) PP
Total capital ratio[1]	18.1%	18.4%	(0.3) PP
Stock data	**1/1-31/3**	**1/1-31/3**	
Earnings per share in €	0.59	0.49	19.9%
Closing price in € (31/3)	18.73	13.38	40.0%
High (closing prices) in €	18.81	22.92	(17.9)%
Low (closing prices) in €	16.17	11.25	43.7%
Number of shares in million (31/3)	328.94	328.94	0.0%
Market capitalization in € million (31/3)	6,161	4,400	40.0%
Dividend per share in €	0.48	-	-
Resources	**31/3**	**31/12**	
Employees as at reporting date (full-time equivalents)	45,133	45,414	(0.6)%
Business outlets	1,829	1,857	(1.5)%
Customers in million	17.4	17.2	1.2%

1 Fully loaded - including result

From 1 January 2021, the income statement has been slightly adjusted (previous year's figures were adapted). Further details can be found in the notes under changes to the income statement. 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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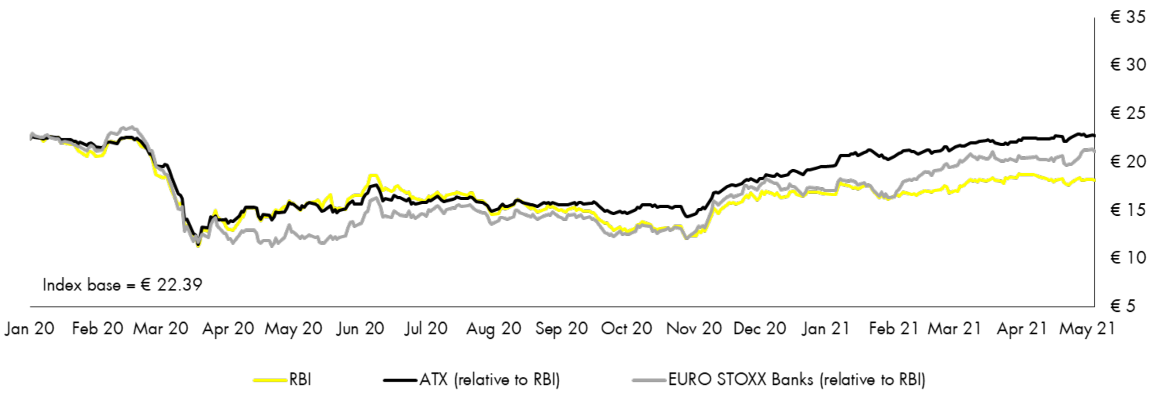
RBI in the capital markets

Performance of RBI stock

European and US stock markets started the new year making some significant gains with several reporting new all-time highs. The key driver for the surge in share prices was continuing monetary support measures from major central banks and the approval by the new US government of an economic stimulus package in the US totaling USD 1.9 trillion. Despite another rise in COVID-19 cases, especially in Europe, leading to a further delay of the expected economic recovery, optimism for a speedy improvement in the pandemic situation dominated the financial markets. This was boosted by the progress of the vaccination programs in the US and UK, and the positive impact they are having on infection rates, although members of the European Union are significantly lagging in this respect.

Emerging concern over an uptick in inflation led to temporarily rising yields on bond markets and a related decline in bond prices. This also resulted in many investors rotating into previously less preferred shares. Bank stocks, after being under pressure for some time now, also benefitted from this development with improved earnings prospects expected on the back of rising interest rates.

Price performance since 1 January 2020 compared to ATX and EURO STOXX Banks



The RBI share price also profited from this positive environment and closed up 12 per cent at the end of the first quarter. After starting the year at € 16.68, it reached it's high for the year of € 18.81 at the end of March. During the same period, the Austrian stock index (ATX) gained 13.6 per cent and the European bank index, Euro Stoxx Banks, gained 19.4 per cent.

On the editorial deadline of this report on 4 May 2021, RBI's share price closed at € 18.13, which was a decrease of 3 per cent from the end of the first quarter in 2021. The ATX and Euro Stoxx Banks gained 2 per cent and 3 per cent respectively over the same period.

At the end of the first quarter of 2021, the market capitalization of RBI was around € 6.2 billion. This was around € 6.0 billion on the editorial deadline. The number of shares issued remained unchanged at 328,939,621 shares.

Capital market communication

Following the release of the preliminary figures on 5 February 2021, RBI published its 2020 Annual Report on 17 March 2021. This was accompanied by a conference call hosted by RBI's Management Board with around 240 participants. Due to the ongoing restrictions in Austria on gatherings, the usual in-person meetings in Vienna, in which the annual results are discussed with members of the press, as well as investors and analysts, were conducted via conference calls or video conferences.

The typically numerous roadshow and investor conference events continued to be conducted in form of online conferences. In the first quarter of 2021, members of RBI's Management Board and IR team participated in eight such events. In addition, RBI offered analysts, equity and debt investors, personal meetings via telephone or video conference with the CEO/CRO and Investor Relations.

Furthermore, a detailed presentation on MREL and RBI's chosen Multiple Point of Entry (MPE) approach was held on 29 March 2021. The presentation detailed MREL targets and measures planned in order to achieve them for the respective MPE resolution groups.

Recurring central themes for investors and analysts in the first quarter of 2021 were the macroeconomic outlook for the CEE region and the resulting potential impact on business performance and credit risk. Questions also frequently covered margin and cost development, the capital position and planned dividend distribution, as well as digitalization and the two most recent acquisitions.

A total of 20 equity analysts and 22 debt analysts (as at 31 March 2021) provide investment recommendations on RBI.

RBI strives to keep all market participants informed as best possible. The aim of RBI's Investor Relations activities is to continue to ensure a high level of transparency for market participants, also during the current situation.

In order to make its communication as widespread and as accessible as possible, RBI makes conference call and other investor presentations and webcasts of important events available online at www.rbinternational.com → Investors → Presentations & Webcasts.

Annual General Meeting and dividend

The Annual General Meeting for the 2020 financial year took place on 22 April 2021. In order to protect the health of all participants, as in the year prior, the Annual General Meeting was conducted as a purely virtual event. Shareholders took advantage of the opportunity to participate via RBI's online AGM portal. All resolution proposals on the agenda were passed by a large majority. The RBI Management Board's proposed dividend of € 0.48 per share, in line with the ECB's recommendation at the end of 2020, was approved by the AGM and paid out to shareholders on 30 April 2021.

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) on 31 March 2021	€ 18.73
High/low (closing share price) in the first quarter 2021	€ 18.81/€ 16.17
Earnings per share from 1 January to 31 March 2021	€ 0.59
Book value per share as at 31 March 2021	€ 36.77
Market capitalization as at 31 March 2021	€ 6.2 billion
Average daily trading volume (single count) in the first quarter 2021	493,857 shares
Free float as at 31 March 2021	approximately 41.2%
ISIN	AT0000606306
Ticker symbols	RBI (Vienna Stock Exchange)
	RBI AV (Bloomberg)
	RBIV.VI (Reuters)
Market segment	Prime Market
Number of shares issued as at 31 March 2021	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

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 developments continue to be driven by the COVID-19 pandemic and the related economic restrictions. Unlike in previous crises, sharp fluctuations are being seen not only in cyclical sectors, but also in the services sector in particular as well as in private consumption. The new restrictions introduced in autumn 2020 in Europe were until recently in place on a large scale. The resulting downturn in the winter period (fourth quarter of 2020 and the first quarter of 2021) was, however, significantly less pronounced than the decline seen in the first half of 2020. A sustainable recovery is expected to begin as the vaccination programs progress. Nevertheless, downside risks remain due to delayed negative effects from the COVID-19 crisis, such as significantly rising company insolvencies, which is expected to have a detrimental impact in the medium term. In many European countries, only a partial economic rebound is expected in 2021.

In the euro area, in the first quarter of 2021 there was a renewed decline in GDP compared to the prior quarter. However, the ongoing changes in terms of restrictions and economic activity should come to an end during the spring. Following the historic recession experienced in 2020 (GDP decline of 6.6 per cent), economic output is expected to grow by 4.3 per cent in 2021 compared to the prior year. In 2020 a strong level of disinflation was seen in those categories of products that were heavily impacted by sales restrictions. In addition, the oil price and consequently energy prices fell at the start of 2020 due to the global recession. Inflation is expected to rise markedly during 2021 for several reasons: The price reductions in those sectors most impacted by the crisis are unlikely to recur, tax cuts introduced as temporary crisis measures are expiring, and as of March the downward effect on inflation from the oil price decline from the year prior drops out of the equation. Overall, an increase in consumer goods prices is expected in 2021, bringing the inflation rate above the two per cent level.

The European Central Bank (ECB) aims to ensure that financing conditions are favorable in the euro area for a long period by means of a set of measures. The central bank shifted its focus at the start of the year to the upward drift in yields on long-dated government bonds. At its March monetary policy meeting, it took the decision to counter the rise in yields with increased bond purchases. This relates to an initiative within the range of measures already decided upon, whereby the existing flexibility provided by the asset purchase program PEPP (Pandemic Emergency Purchase Program) will be utilized.

The unexpectedly brisk recovery of the US economy, in part driven by fiscal support of historic proportions, led to a marked increase in US government bond yields. The Federal Reserve (Fed) is nonetheless indicating that monetary policy will remain expansive for the time being, with key interest rates at close to zero and monthly bond purchases. According to the Fed's communications, the first hike in key interest rates will only take place once there is full employment, the inflation rate has reached the 2 per cent target, and there is the prospect of inflation moderately overshooting for some time. Such a scenario is unlikely to occur in 2021 or 2022. The first step towards monetary policy normalization will be the tapering of monthly bond purchases, which will probably be announced in 2021 if the economic recovery proves to be as dynamic as is widely expected.

The lockdown on large sections of the economy, which has been in force in various forms since November 2020, impacted the Austrian economy in the winter period 2020/21 (fourth quarter of 2020 and first quarter of 2021). Nevertheless, following a weak fourth quarter of 2020, the economic impact was lower than expected at the beginning of the year (first quarter of 2021). For the entire winter period 2020/21, though particularly in the first quarter of 2021, the industrial sector helped counter weakness from consumer-related services which were most severely impacted by the restrictions. The GDP decline in the winter period 2020/21, as a whole, was significantly smaller than during the first lockdown in spring 2020. A noticeable economic recovery is expected in the further course of the year as restrictions diminish. It is anticipated that significant quarter-on-quarter GDP growth will already be evident in the second quarter, with quarter-on-quarter GDP growth rates likely to be in clear positive territory for the remainder of the year. Private consumption is likely to be a major driver of the economy. For 2021 as a whole, as a result of the unfavorable starting conditions (weak fourth quarter of 2020), only a partial recovery (real GDP growth of 3.5 per cent) is expected from the GDP decline experienced in 2020 (decline of 6.6 per cent).

The GDP decline in the Central European (CE) countries in 2020 was somewhat milder than forecast. Economic output in the region declined by 3.9 per cent on average compared to the prior year, with Poland suffering to a significantly lesser extent than the Czech Republic, Slovakia and Hungary. The region was severely affected by the third wave of the COVID-19 pandemic, which necessitated continuation or renewed tightening of restrictive measures. In the first half of 2021, and particularly in the first quarter of 2021, economic growth is therefore expected to still be subdued. However, the region is following the European trend of sustained strong industry momentum despite the pandemic. With increasing progress in vaccination rates among the population, restrictions are also expected to be eased in CE in the coming months, which should also strengthen domestic private consumption. Investment demand is likely to increase later in 2021, and to benefit from EU recovery fund resources in subsequent years. GDP is expected to grow by 3.7 per cent in the region in 2021. Growth rates of 5 per cent are anticipated in Hungary and Slovakia, while in Poland and the Czech Republic a less pronounced recovery is expected, with growth rates of 3.7 per cent and 2.6 per cent, respectively.

In the Southeastern Europe (SEE) region, GDP declined by 4.1 per cent in 2020. Croatia was more strongly impacted (down 8.0 per cent in 2020), due to the influence of tourism on the economy, whereas Serbia was much less impacted (down 1.1 per cent), as a result of extensive fiscal and monetary stimulus. As was the case in CE, the recession in the SEE region in 2020 was less severe than forecast, and year-on-year GDP growth in 2021 is expected to recover to around 4.7 per cent. In parts of the region, positive effects are anticipated 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. Vaccination rates vary significantly within the region. In Serbia, following the early purchase of vaccines, vaccinations are being carried out at a considerably faster pace than the EU average, while in other non-EU member states such as Bosnia and Herzegovina the rollout is relatively slow with resulting risks to the economic recovery.

In the Eastern Europe (EE) region, which includes Belarus, Russia and Ukraine, the negative impact of the pandemic on the economic recovery was lower on a regional basis than in CE and SEE, which is reflected in the GDP decline of 3.0 per cent in 2020. This was also partly due to the weaker implementation of restrictive measures for a more limited period. The rapid recovery of commodity and energy prices was supportive for the region and for Russia in particular. The protests in Belarus and the delay in the disbursement of IMF credit to Ukraine had no significant effect on economic development. A significant third wave has not materialized in Russia to date, whereas in Ukraine the situation deteriorated again in the spring. In Russia, the major cities benefited in particular from the availability of a domestic vaccine. In Ukraine and Belarus, vaccination programs began relatively late. The region is expected to see an economic recovery of 2.4 per cent for the current year. There was renewed focus on sanctions risks and geopolitical risks in Russia and Ukraine in the spring. The 2021 growth forecast for Russia therefore remains conservative at 2.3 per cent.

Annual real GDP growth compared to the previous year

Region/country	2019	2020	2021e	2022f
Czech Republic	2.3	(5.6)	2.6	5.5
Hungary	4.6	(5.2)	5.0	5.5
Poland	4.5	(2.7)	3.7	4.4
Slovakia	2.3	(5.2)	5.0	3.5
Central Europe	**3.8**	**(3.9)**	**3.7**	**4.7**
Albania	2.2	(3.3)	5.7	4.4
Bosnia and Herzegovina	2.8	(4.5)	3.0	3.5
Bulgaria	3.7	(4.2)	3.0	4.0
Croatia	2.9	(8.0)	5.1	3.0
Kosovo	4.9	(4.1)	4.9	5.6
Romania	4.1	(3.9)	5.2	4.5
Serbia	4.2	(1.1)	4.5	3.0
Southeastern Europe	**3.8**	**(4.1)**	**4.7**	**4.1**
Belarus	1.3	(0.9)	1.5	2.0
Russia	2.0	(3.0)	2.3	1.3
Ukraine	3.2	(4.0)	3.8	3.5
Eastern Europe	**2.1**	**(3.0)**	**2.4**	**1.5**
Austria	**1.4**	**(6.6)**	**3.5**	**5.0**
Euro area	**1.3**	**(6.6)**	**4.3**	**3.7**

Source: Raiffeisen Research - the above data is based on the analysts' estimates (base case scenario) from the beginning of May 2021; subsequent revisions may be made for prior years
(e: estimate; f: forecast)

CEE banking sector

Developments in relation to the pandemic and the progress of vaccination programs together with the associated easing of economic restrictions continue to be decisive factors in the normalization of economic activity and consequently loan growth at CEE banks, particularly in the retail business. Although the first quarter of 2021 saw relatively limited progress in this respect, the region is expected to catch up with the rollout of vaccinations in the months that follow. Diversified CEE banks are currently benefiting from the strong rebound in lending in Russia, whereas normalization of credit demand in CE and SEE has been proceeding at a somewhat tentative pace. Against this backdrop, average loan growth in CEE in 2021 and 2022 is expected to be moderate, in the high single-digit percent range (higher in EE). While banks are generally well-positioned for growth in terms of capital and liquidity, the expiration of exceptional regulatory measures and other political stimuli will restrict momentum in corporate lending to a low level relative to retail portfolios in some countries. Risk costs also remain in focus given expiring loan moratoria and the necessity for reductions in the accumulated stock of Stage 2 loans (5 to 20 per cent). However, in selected markets it is anticipated that profits will be supported by growth in fee income and declining pressure on the interest margin, as some central banks are returning to raising interest rates (Russia, Ukraine and Belarus), with other central banks (Czech Republic, Romania, Serbia and Hungary) expected to follow in 2021 or 2022.

Significant events in the reporting period

RBI signs agreement on the acquisition of Czech Equa bank

On 6 February 2021,RBI announced that it had signed an agreement on the acquisition of 100 per cent of the shares of Equa bank (Equa bank a.s. and Equa Sales and Distribution s.r.o.) from AnaCap Financial Partners (AnaCap), a specialist financial services private equity investor, through its Czech subsidiary Raiffeisenbank a.s. The transaction is subject to a successful closing and regulatory approvals.

The acquisition of Equa bank is expected to have an impact on RBI's CET1 ratio of approximately 30 basis points. The final impact is subject to completion accounts at closing.

Equa bank focuses on consumer lending and serves just under 480,000 customers. The proposed acquisition is part of RBI's strategy to expand its presence in selected focus markets. The business models of Equa bank and Raiffeisenbank are very complementary, which is why the transaction would ultimately lead to strategic synergies as well as enhanced digital capabilities. As of year-end 2020, Equa bank had total assets of more than € 2.8 billion, while Raiffeisenbank a.s. reported total assets of € 15.7 billion.

Closing is expected around the end of the second quarter of 2021. On the basis that deal completion is successful, there is a plan to merge Equa bank with Raiffeisenbank and thereby allowing realization of the identified synergies.

Raiffeisenbank a.s. (Czech Republic) signs referral agreement with ING on re-contracting of Czech retail customers

In February 2021, RBI's Czech subsidiary, Raiffeisenbank a.s. (RBCZ), signed a referral agreement with ING Bank N.V. (ING) on the re-contracting of ING's Czech retail customers. The transaction is subject to approval by the Czech Office for Protection of the Competition.

Earnings and financial performance

RBI's economic environment continues to be dominated by the COVID-19 pandemic and its impacts. This is also clearly visible in currency movements, with significant depreciation pressure on numerous CEE currencies in the 2020 financial year. The Russian ruble and the Ukrainian hryvnia thus depreciated (on average) 21 per cent year on year, while the US dollar fell 9 per cent. In contrast, the first three months of 2021 brought a noticeable appreciation trend. Further influencing factors on consolidated profit included the ongoing low interest rate environment, subdued demand for loans and banking services due to the economic situation, as well as excess liquidity in the Group.

in € million	1/1-31/3/2021	1/1-31/3/2020[1]	Change	
Net interest income	767	881	(115)	(13.0)%
Dividend income	5	6	(1)	(23.7)%
Current income from investments in associates	16	(9)	25	–
Net fee and commission income	434	448	(14)	(3.2)%
Net trading income and fair value result	5	37	(32)	(87.3)%
Net gains/losses from hedge accounting	6	12	(6)	(52.3)%
Other net operating income	28	45	(17)	(38.3)%
Operating income	**1,259**	**1,421**	**(161)**	**(11.4)%**
Staff expenses	(382)	(402)	21	(5.1)%
Other administrative expenses	(213)	(235)	22	(9.3)%
Depreciation	(97)	(94)	(3)	3.0%
General administrative expenses	**(692)**	**(732)**	**40**	**(5.4)%**
Operating result	**567**	**689**	**(122)**	**(17.7)%**
Other result	(38)	(82)	44	(54.1)%
Governmental measures and compulsory contributions	(130)	(167)	37	(22.4)%
Impairment losses on financial assets	(79)	(153)	75	(48.7)%
Profit/loss before tax	**321**	**286**	**35**	**12.1%**
Income taxes	(78)	(79)	1	(1.5)%
Profit/loss after tax	**243**	**207**	**36**	**17.3%**
Profit attributable to non-controlling interests	(28)	(31)	3	(10.6)%
Consolidated profit/loss	**216**	**177**	**39**	**22.2%**

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 declined 11 per cent, or € 161 million, to € 1,259 million year-on-year. Group average interest-bearing assets rose 9 per cent, mainly due to increases in short-term investments of excess liquidity. Net interest income nevertheless decreased € 115 million to € 767 million, as a result of interest rate cuts in numerous Group countries and of currency depreciations, especially in Russia and Ukraine. The net interest margin declined by 49 basis points to 1.94 per cent. Current income from investments in associates amounted to € 16 million in the reporting period. In the previous year, this was impacted by the effects of the pandemic, notably at Raiffeisen Informatik GmbH & Co KG and UNIQA Insurance Group AG.

Net fee and commission income was down € 14 million to € 434 million, mainly due to lower volumes as a result of COVID-19 and to currency depreciations. The largest decrease was in foreign exchange business. Conversely, there was an increase in net income from asset management.

Net trading income and fair value result fell € 32 million to € 5 million. In the previous year, there were € 47 million in valuation gains on certificates issued, mainly due to the increase in risk premiums at the time following the onset of the COVID-19 pandemic. A valuation gain of € 32 million was recorded at head office, mainly from the valuation of equity instruments measured at fair value and government bonds, on which market-related valuation losses were recognized in the previous year's period. This contrasted with a decrease of € 27 million in Russia, mostly comprising interest rate-related valuation losses on government bonds and also on currency derivatives that were subject to high volatility on the foreign currency markets in the previous year's period.

Other net operating income decreased € 17 million year-on-year, largely due to the release of a provision for litigation in Slovakia in the comparable period (€ 18 million).

General administrative expenses

General administrative expenses were down 5 per cent year-on-year, or € 40 million, to € 692 million. Currency movements resulted in a € 35 million reduction. The average headcount decreased 1,650 full-time equivalents year-on-year to 45,227, primarily in the Ukraine (down 891) due to branch closures and in Slovakia (down 291) and the Czech Republic (down 268). Staff expenses were down € 21 million to € 382 million, mainly due to currency effects, branch closures and the lower headcount. Other administrative expenses fell 9 per cent, or € 22 million, to € 213 million. The reduction was mainly driven by currency effects and, in various markets, lower office space, advertising and security expenses as a result of the COVID-19 pandemic. Depreciation of tangible and intangible fixed assets rose slightly, increasing 3 per cent or € 3 million to € 97 million. The number of business outlets fell 171 to 1,829 year-on-year. The largest declines were in Ukraine (down 60), Slovakia (down 26), Russia (down 22) and Romania (down 21).

Other result

The other result amounted to minus € 38 million in the reporting period, compared to minus € 82 million in the comparable period. This improvement was mainly driven by impairments on equity investments and on non-financial assets in the previous year's period. Due to the deteriorating economic outlook caused by the pandemic, impairment losses of € 28 million were recognized in the previous year's period on companies valued at equity – principally on investments in LEIPNIK-LUNDENBURGER INVEST Beteiligungs AG. A goodwill impairment of € 27 million was also recognized in the previous year's period on Raiffeisen Kapitalanlage-Gesellschaft to reflect the revised medium-term plan on account of the pandemic. The previous year's period also saw net modification losses of € 10 million due to the introduction of loan repayment moratoriums. An expense was incurred in the reporting period for credit-linked and portfolio-based provisions for litigation in the amount of € 33 million (an increase of € 17 million), mainly for pending litigation in connection with mortgage loans denominated in or indexed to a foreign currency in Poland (€ 28 million). The € 20 million increase in Poland was the result of changes in the parameters of the model calculation.

Governmental measures and compulsory contributions

Governmental measures and compulsory contributions decreased € 37 million to € 130 million. Bank levies declined € 54 million to € 19 million. This reduction mainly related to the discontinuation of the special bank levy in Austria (previous year's period: € 41 million) - that was introduced in 2016 and totaled € 163 million for RBI and was booked in four tranches from 2017 to 2020 - and to the abolition of the bank levy in Slovakia (€ 13 million). Contributions to the resolution fund increased € 12 million – mainly at head office – to € 67 million. Deposit insurance fees totaled € 43 million (an increase of € 4 million).

Impairment losses on financial assets

Impairment losses on financial assets in the amount of € 79 million were recognized in the reporting period, compared with € 153 million in the previous year's period. This includes risk costs related to COVID-19 – post-model adjustments and adjustments to macroeconomic data – in the amount of € 31 million in the reporting period (€ 42 million relating to non-financial corporations and € 11 million in releases relating to households), and € 96 million in the comparable period (thereof € 67 million relating to non-financial corporations and € 29 million relating to households). Provisions were mainly recognized for the hotel, office and retail real estate sectors, and project finance.

In stage 1 and stage 2, net impairments of € 33 million were recognized in the reporting period (previous year's period: € 107 million), with a net € 42 million relating to loans to non-financial corporations, mainly in Austria (€ 38 million), and a net release of € 22 million relating to loans to households, primarily in Hungary (€ 8 million), as well as in Romania and the Czech Republic (€ 5 million each). For defaulted loans (stage 3), net impairments of € 46 million were recognized in the reporting period (previous year's period: net € 64 million). Of this amount, € 44 million are relating to households, primarily in Russia (€ 14 million), Hungary (€ 7 million), and Romania (€ 5 million), as well as € 2 million relating to non-financial corporations.

The NPE ratio was slightly down with a decrease of 0.1 percentage points on the end of the year to 1.8 per cent, mainly due to an increase in deposits at central banks, while the NPE coverage ratio went down 0.3 percentage points to 61.2 per cent.

Income taxes

Income taxes declined slightly to € 78 million, whereas the tax rate fell 3.4 percentage points to 24.2 per cent. This was mainly due to the profit contribution from head office.

Quarterly results

in € million	Q1/2020[1]	Q2/2020[1]	Q3/2020[1]	Q4/2020[1]	Q1/2021
Net interest income	881	825	770	765	767
Dividend income	6	8	4	3	5
Current income from investments in associates	(9)	31	22	(3)	16
Net fee and commission income	448	392	433	466	434
Net trading income and fair value result	37	25	33	(2)	5
Net gains/losses from hedge accounting	12	(8)	3	(8)	6
Other net operating income	45	26	21	25	28
Operating income	**1,421**	**1,299**	**1,286**	**1,247**	**1,259**
Staff expenses	(402)	(405)	(367)	(391)	(382)
Other administrative expenses	(235)	(218)	(221)	(276)	(213)
Depreciation	(94)	(96)	(97)	(110)	(97)
General administrative expenses	**(732)**	**(719)**	**(685)**	**(777)**	**(692)**
Operating result	**689**	**580**	**601**	**470**	**567**
Other result	(82)	(90)	(38)	5	(38)
Governmental measures and compulsory contributions	(167)	(53)	(24)	(28)	(130)
Impairment losses on financial assets	(153)	(158)	(185)	(133)	(79)
Profit/loss before tax	**286**	**279**	**354**	**314**	**321**
Income taxes	(79)	(66)	(95)	(84)	(78)
Profit/loss after tax	**207**	**213**	**259**	**230**	**243**
Profit attributable to non-controlling interests	(31)	(21)	(29)	(25)	(28)
Consolidated profit/loss	**177**	**192**	**230**	**205**	**216**

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

Development of the first quarter of 2021 compared to the fourth quarter of 2020

Operating income increased € 12 million quarter-on-quarter to € 1,259 million. Current income from investments in associates amounted to € 16 million in the first quarter of 2021. This item was impacted by the effects of the pandemic in the previous quarter, especially at Raiffeisen Informatik GmbH & Co KG and UNIQA Insurance Group AG. Net fee and commission income declined 7 per cent, or € 32 million, to € 434 million due to one-off effects in the previous quarter in connection with fees from payment systems service providers, as well as seasonal declines in revenue from clearing, settlement and payment services primarily in Russia (decline: € 25 million).

General administrative expenses decreased € 85 million quarter-on-quarter to € 692 million, primarily due to seasonal effects. Staff expenses declined a slight € 9 million to € 382 million, while other administrative expenses decreased € 63 million to € 213 million. This decline was mainly attributable to higher advertising, legal, advisory and consulting expenses in several markets in the fourth quarter (€ 42 million). Depreciation of tangible and intangible fixed assets declined 12 per cent, or € 13 million, mainly driven by software capitalization in Hungary in the fourth quarter of 2020.

Governmental measures and compulsory contributions amounted to € 130 million in the first quarter of 2021, compared to € 28 million in the fourth quarter of 2020, as these each have to be posted for the most part in their entirety in the first quarter in accordance with the underlying provisions (IFRIC 21).

The other result fell € 43 million to minus € 38 million. This was primarily due to € 41 million in reversals of impairment losses on investments in associates valued at equity that were booked in the fourth quarter and € 16 million higher allocations to credit-linked and portfolio-based provisions for litigation in the reporting period, particularly in Poland for foreign currency mortgage loans due to changes in the parameters of the model calculation. Impairments on non-financial assets of € 18 million reported in the previous quarter, in particular on real estate in Russia and Slovakia, compared to reversals of impairments of € 2 million in the reporting period.

Impairment losses on financial assets amounted to € 79 million in the first quarter of 2021, following € 133 million in the fourth quarter of 2020. In the first quarter of 2021, this includes provisions for impairment losses of around € 31 million due to post-model adjustments and adjusted macroeconomic data (previous quarter: € 81 million). Provisions were made in particular for the hotel, office and retail estate sectors, and project finance.

Statement of financial position

Since the beginning of the year, total assets rose 6 per cent, or € 10,193 million, to € 176,152 million. Currency movements – which trended slightly upward in the reporting period following strong depreciation pressure on numerous CEE currencies due to the crisis in the 2020 financial year – resulted in an increase of around 1 per cent, particularly due to the appreciation of the Ukrainian hryvnia (up 6 per cent), the US dollar and Belarusian ruble (each up 4 per cent), as well as the Russian ruble (up 3 per cent).

Assets

in € million	31/3/2021	31/12/2020	Change	
Loans to banks	13,644	11,952	1,691	14.2%
Loans to customers	91,861	90,671	1,190	1.3%
Securities	23,015	22,162	854	3.9%
Cash and other assets	47,632	41,174	6,458	15.7%
Total	**176,152**	**165,959**	**10,193**	**6.1%**

The increase in loans to banks mainly occurred in the Czech Republic (up € 1,350 million), due to a higher volume of repurchase agreements with the Czech National Bank, and in Hungary (up € 477 million). The increase in Hungary was largely attributable to short-term deposits at the Hungarian National Bank.

Loans to customers rose € 1,190 million, or 1 per cent, to € 91,861 million. The increase – supported by the appreciation of several currencies (e.g. US dollar, Russian ruble) – mainly resulted from loans to non-financial corporations (up € 1,251 million to € 46,202 million, in the lending business as well as in short-term lending), and to households (up € 416 million to € 34,783 million, especially in mortgages, personal loans and credit card business). In contrast, loans to general governments fell € 397 million to € 1,717 million.

In Russia, securities increased € 668 million due to the investment of liquidity, particularly in US treasury bonds, while securities in Romania rose € 202 million, mainly in government bonds denominated in local currency.

The significant increase in cash was also attributable to the investment of liquidity – primarily deposits at national banks – at head office (up € 4,383 million) and in Slovakia (up € 2,666 million).

Equity and liabilities

in € million	31/3/2021	31/12/2020	Change	
Deposits from banks	37,242	29,121	8,121	27.9%
Deposits from customers	104,211	102,112	2,098	2.1%
Debt securities issued and other liabilities	20,124	20,438	(314)	(1.5)%
Equity	14,576	14,288	288	2.0%
Total	**176,152**	**165,959**	**10,193**	**6.1%**

The Group's funding from banks increased significantly with respect to short-term deposits and repo transactions at head office and as a result of new borrowings under the TLTRO III program in Slovakia.

The € 2,098 million, or 2 per cent, increase in deposits from customers to € 104,211 million was primarily driven by short-term deposits from households (up € 1,960 million to € 52,007 million) and non-financial corporations (up € 1,512 million to € 41,174 million). This was set against a decline in deposits from other financial corporations (down € 967 million to € 8,925 million) and governments (down € 407 million to € 2,104 million). The largest increases in deposits were reported in the Czech Republic (up € 951 million), Hungary (up € 566 million), and Slovakia (up € 508 million).

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 € 288 million from the start of the year to € 14,576 million. Total comprehensive income of € 292 million comprised profit after tax of € 243 million and other comprehensive income of € 48 million. Currency movements since the beginning of the year had a positive impact of € 83 million. The 3 per cent appreciation of the Russian ruble led to a positive contribution of € 61 million, and the 6 per cent appreciation of the Ukrainian hryvnia resulted in income of € 27 million. This was partly offset by a valuation loss of € 30 million from the hedge of net investments, primarily in Russian rubles.

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

Common equity tier 1 (CET1) after deductions amounted to € 10,798 million, representing a € 37 million increase compared to the 2020 year-end figure. While provisioning for impairment losses directly recognized in equity had a negative impact, foreign exchange effects and minority interests increased CET1. The proposed dividend for 2020 of € 0.48 per share was approved by the Annual General Meeting on 22 April 2021. The Management Board, however, reserves the right to consider a possible additional dividend payment as soon as the ECB withdraws its recommendation. Consequently, the dividend of € 1.00 per share originally proposed for 2019 remains deducted from CET1 until further notice. Tier 1 capital after deductions declined € 6 million to € 12,483 million. The decline was mainly due to the reduction in additional tier 1 capital. Tier 2 capital declined € 76 million to € 2,025 million. The decline was driven by the regulatory amortization of outstanding issues. Total capital amounted to € 14,508 million, representing a reduction of € 82 million compared to the 2020 year-end figure.

Total risk-weighted assets (RWA) increased € 2,498 million from the end of 2020 to € 81,362 million. The major factors for the organic growth were new loan business as well as business developments at head office. Inorganic growth was driven by both rating downgrades in the lending business as well as by increases in market risk caused by an increase in the multiplier in the internal model. An increase in operational risk, largely attributable to the rise in internal and external loss data in the Advanced Measurement Approach (AMA model), also led to an increase in risk-weighted assets.

This resulted in a (fully loaded) CET1 ratio of 13.3 per cent (down 0.4 percentage points), whereby the originally proposed dividend for 2019 remains deducted with an effect of 0.4 percentage points on the ratio, a tier 1 ratio of 15.3 per cent (down 0.4 percentage points), and a total capital ratio of 17.8 per cent (down 0.6 percentage points). Including the first quarter results, the (fully loaded) capital ratios would be as follows: The CET1 ratio declined by 0.1 percentage points to 13.6 per cent, the tier 1 ratio stood at 15.6 per cent (down 0.1 percentage points), and the total capital ratio reached 18.1 per cent (down 0.3 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

Annual General Meeting approves dividend payment

On 22 April 2021, the Annual General Meeting approved a dividend in the amount of € 0.48 per share based on the net profit for the 2020 financial year. The dividend payment, which totaled € 158 million, was made to entitled shareholders on 30 April 2021.

Outlook

We expect modest loan growth in the first half of 2021, accelerating in the second half of the year.

The provisioning ratio for FY 2021 is expected to be around 75 basis points, as moratoria and government support programs expire.

We remain committed to a cost/income ratio of around 55 per cent – possibly as soon as 2022 depending on the speed of the recovery.

We expect the consolidated return on equity to improve in 2021, and we target 11 per cent in the medium term.

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 and country performance

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. For further information on segmentation, please refer to the chapter segment reporting in the interim consolidated financial statements as well as the RBI website (www.rbinternational.com → Investors → Reports → Data in XLSM format).

Central Europe

in € million	1/1-31/3 2021	1/1-31/3 2020[1]	Change	Q1/2021	Q4/2020[1]	Change
Net interest income	184	217	(15.0)%	184	189	(2.3)%
Dividend income	0	0	(46.2)%	0	2	(99.8)%
Current income from investments in associates	2	1	51.2%	2	1	274.1%
Net fee and commission income	107	108	(0.8)%	107	107	0.5%
Net trading income and fair value result	0	(2)	(78.1)%	0	13	–
Net gains/losses from hedge accounting	(1)	3	–	(1)	(1)	57.8%
Other net operating income	3	29	(89.4)%	3	4	(25.0)%
Operating income	**296**	**357**	**(17.2)%**	**296**	**315**	**(6.1)%**
General administrative expenses	(170)	(181)	(6.1)%	(170)	(192)	(11.6)%
Operating result	**125**	**176**	**(28.6)%**	**125**	**122**	**2.4%**
Other result	(29)	(12)	147.1%	(29)	(22)	29.7%
Governmental measures and compulsory contributions	(45)	(51)	(11.3)%	(45)	(2)	>500.0%
Impairment losses on financial assets	(8)	(50)	(83.2)%	(8)	(57)	(85.1)%
Profit/loss before tax	**43**	**63**	**(31.5)%**	**43**	**42**	**2.5%**
Income taxes	(18)	(15)	16.9%	(18)	(20)	(8.2)%
Profit/loss after tax	**25**	**47**	**(47.4)%**	**25**	**22**	**11.9%**
Return on equity before tax	5.0%	7.4%	(2.4) PP	5.0%	5.0%	0.0 PP
Return on equity after tax	2.9%	5.6%	(2.7) PP	2.9%	2.7%	0.2 PP
Net interest margin (average interest-bearing assets)	1.61%	2.13%	(0.52) PP	1.61%	1.74%	(0.13) PP
Cost/income ratio	57.6%	50.8%	6.8 PP	57.6%	61.1%	(3.5) PP

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

The main reason for the year-on-year decline in profit after tax was the reduction in net interest income due to lower market interest rates, above all in the Czech Republic. This also significantly affected the net interest margin. Other net operating income was down largely as a result of the release of a provision for litigation in Slovakia in the comparable period of the previous year (€ 18 million). Credit-linked and portfolio-based provisions for litigation had a negative impact of € 28 million on the other result in Poland. The fall in risk costs was attributable to post-model adjustments and adjustments to macroeconomic data (net release of € 10 million in the reporting period versus new allocations of € 38 million in the same period of the previous year) as well as rating improvements and reductions in exposure. The increase in tax expense despite the decrease in profit reflected the negative profit contribution from Poland, which, as a result of tax planning, was not offset by any equivalent deferred tax assets.

in € million	Poland 1/1-31/3 2021	Poland 1/1-31/3 2020[1]	Slovakia 1/1-31/3 2021	Slovakia 1/1-31/3 2020[1]
Net interest income	3	4	69	74
Dividend income	0	0	0	0
Current income from investments in associates	0	0	2	1
Net fee and commission income	1	1	39	35
Net trading income and fair value result	0	0	1	2
Net gains/losses from hedge accounting	0	0	0	0
Other net operating income	(3)	0	0	19
Operating income	**0**	**5**	**111**	**132**
General administrative expenses	(6)	(5)	(54)	(57)
Operating result	**(6)**	**0**	**57**	**75**
Other result	(28)	(8)	0	0
Governmental measures and compulsory contributions	(1)	(1)	(10)	(18)
Impairment losses on financial assets	(3)	(3)	(7)	(25)
Profit/loss before tax	**(38)**	**(13)**	**39**	**32**
Income taxes	0	0	(9)	(6)
Profit/loss after tax	**(38)**	**(13)**	**30**	**27**

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

in € million	Czech Republic 1/1-31/3 2021	Czech Republic 1/1-31/3 2020[1]	Hungary 1/1-31/3 2021	Hungary 1/1-31/3 2020[1]
Net interest income	74	101	38	37
Dividend income	0	0	0	0
Net fee and commission income	33	36	35	36
Net trading income and fair value result	(1)	(7)	0	3
Net gains/losses from hedge accounting	0	2	(1)	0
Other net operating income	5	7	1	(1)
Operating income	**111**	**139**	**74**	**76**
General administrative expenses	(64)	(70)	(47)	(49)
Operating result	**47**	**70**	**27**	**27**
Other result	0	1	0	(4)
Governmental measures and compulsory contributions	(16)	(14)	(18)	(18)
Impairment losses on financial assets	6	(11)	(4)	(12)
Profit/loss before tax	**36**	**45**	**5**	**(7)**
Income taxes	(7)	(6)	(2)	(3)
Profit/loss after tax	**29**	**39**	**4**	**(10)**

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

Southeastern Europe

in € million	1/1-31/3 2021	1/1-31/3 2020[1]	Change	Q1/2021	Q4/2020[1]	Change
Net interest income	208	219	(4.9)%	208	210	(0.9)%
Dividend income	0	1	(96.3)%	0	0	–
Net fee and commission income	95	97	(2.4)%	95	97	(2.6)%
Net trading income and fair value result	6	8	(24.8)%	6	10	(42.6)%
Net gains/losses from hedge accounting	0	0	–	0	0	–
Other net operating income	4	3	48.0%	4	(3)	–
Operating income	**313**	**327**	**(4.3)%**	**313**	**314**	**(0.5)%**
General administrative expenses	(157)	(166)	(5.3)%	(157)	(194)	(19.0)%
Operating result	**156**	**161**	**(3.3)%**	**156**	**121**	**29.2%**
Other result	(4)	(11)	(68.0)%	(4)	(9)	(58.0)%
Governmental measures and compulsory contributions	(25)	(29)	(13.6)%	(25)	(6)	318.0%
Impairment losses on financial assets	(10)	(51)	(80.3)%	(10)	(45)	(77.8)%
Profit/loss before tax	**117**	**70**	**67.4%**	**117**	**61**	**93.3%**
Income taxes	(16)	(11)	43.3%	(16)	(12)	29.8%
Profit/loss after tax	**102**	**59**	**71.9%**	**102**	**49**	**108.9%**
Return on equity before tax	13.2%	8.5%	4.7 PP	13.2%	7.3%	5.9 PP
Return on equity after tax	11.4%	7.2%	4.3 PP	11.4%	5.9%	5.6 PP
Net interest margin (average interest-bearing assets)	3.01%	3.48%	(0.47) PP	3.01%	3.11%	(0.10) PP
Cost/income ratio	50.2%	50.7%	(0.5) PP	50.2%	61.6%	(11.4) PP

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

Profit after tax rose 72 per cent, or € 43 million, year-on-year to € 102 million, largely reflecting the strong decline in risk costs. At € 10 million, these were € 41 million lower than in the same period of the previous year, mainly as a result of developments in Romania, Albania and Bulgaria. The drivers were improved macroeconomic data and post-model adjustments, which led to a net allocation of € 2 million in the reporting period compared to an allocation of € 34 million in the prior-year period, and reductions in exposure. The decline in net operating income was largely due to the € 11 million decline in net interest income, especially in Romania (decrease of € 6 million) as a consequence of lower interest rates. General administrative expenses were down € 9 million, or 5 per cent, mainly from reductions in staff, advertising and legal expenses.

in € million	Albania 1/1-31/3 2021	Albania 1/1-31/3 2020[1]	Bosnia and Herzegovina 1/1-31/3 2021	Bosnia and Herzegovina 1/1-31/3 2020[1]	Bulgaria 1/1-31/3 2021	Bulgaria 1/1-31/3 2020[1]
Net interest income	13	14	15	16	29	29
Dividend income	0	0	0	1	0	0
Net fee and commission income	4	3	10	10	13	13
Net trading income and fair value result	1	8	1	0	1	0
Other net operating income	0	0	1	0	0	0
Operating income	**17**	**25**	**27**	**28**	**42**	**42**
General administrative expenses	(9)	(9)	(11)	(12)	(22)	(22)
Operating result	**8**	**16**	**15**	**15**	**20**	**21**
Other result	0	0	0	0	0	0
Governmental measures and compulsory contributions	(2)	(2)	(1)	(1)	(6)	(11)
Impairment losses on financial assets	2	(6)	(3)	(4)	(2)	(10)
Profit/loss before tax	**8**	**8**	**11**	**11**	**12**	**0**
Income taxes	(1)	(1)	(1)	(1)	(1)	0
Profit/loss after tax	**7**	**6**	**11**	**9**	**11**	**0**

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

in € million	Croatia 1/1-31/3 2021	Croatia 1/1-31/3 2020[1]	Romania 1/1-31/3 2021	Romania 1/1-31/3 2020[1]	Serbia 1/1-31/3 2021	Serbia 1/1-31/3 2020[1]
Net interest income	29	30	90	96	21	21
Dividend income	0	0	0	0	0	0
Net fee and commission income	15	17	37	39	12	12
Net trading income and fair value result	1	(5)	2	3	1	2
Other net operating income	1	2	(1)	(1)	3	2
Operating income	**46**	**44**	**129**	**136**	**37**	**37**
General administrative expenses	(25)	(29)	(66)	(69)	(17)	(17)
Operating result	**21**	**16**	**63**	**67**	**20**	**20**
Other result	(4)	(8)	1	(4)	0	0
Governmental measures and compulsory contributions	(3)	(3)	(10)	(9)	(2)	(2)
Impairment losses on financial assets	(3)	(6)	(1)	(19)	(1)	(3)
Profit/loss before tax	**10**	**(2)**	**52**	**35**	**17**	**15**
Income taxes	(2)	(1)	(8)	(6)	(2)	(2)
Profit/loss after tax	**9**	**(2)**	**44**	**30**	**15**	**13**

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	1/1-31/3 2021	1/1-31/3 2020[1]	Change	Q1/2021	Q4/2020[1]	Change
Net interest income	234	298	(21.6)%	234	240	(2.5)%
Dividend income	0	0	>500.0%	0	0	–
Current income from investments in associates	1	0	–	1	0	–
Net fee and commission income	106	129	(17.7)%	106	147	(27.6)%
Net trading income and fair value result	3	30	(91.4)%	3	6	(55.1)%
Net gains/losses from hedge accounting	2	0	>500.0%	2	(1)	–
Other net operating income	1	0	–	1	4	(80.0)%
Operating income	**346**	**457**	**(24.2)%**	**346**	**396**	**(12.6)%**
General administrative expenses	(140)	(162)	(13.4)%	(140)	(166)	(15.4)%
Operating result	**206**	**295**	**(30.2)%**	**206**	**230**	**(10.6)%**
Other result	(6)	(2)	223.0%	(6)	(13)	(54.9)%
Governmental measures and compulsory contributions	(11)	(15)	(25.4)%	(11)	(10)	4.9%
Impairment losses on financial assets	(9)	(26)	(64.5)%	(9)	(15)	(36.3)%
Profit/loss before tax	**180**	**252**	**(28.7)%**	**180**	**192**	**(6.5)%**
Income taxes	(38)	(53)	(27.7)%	(38)	(41)	(8.2)%
Profit/loss after tax	**141**	**199**	**(29.0)%**	**141**	**150**	**(6.0)%**
Return on equity before tax	27.1%	32.6%	(5.5) PP	27.1%	28.9%	(1.8) PP
Return on equity after tax	21.3%	25.8%	(4.4) PP	21.3%	22.6%	(1.3) PP
Net interest margin (average interest-bearing assets)	4.86%	5.59%	(0.72) PP	4.86%	5.06%	(0.20) PP
Cost/income ratio	40.5%	35.5%	5.1 PP	40.5%	41.9%	(1.3) PP

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

As in the previous year, profit after tax was affected by currency volatility (the Belarusian ruble depreciated by 26 per cent year-on-year, and both the Ukrainian hryvnia and Russian ruble by 21 per cent). In Russia, the decline in net interest income was driven primarily by currency depreciation and lower market interest rates. The reduction in net fee and commission income was also currency related. General administrative expenses were up on a local currency basis as a result, on the one hand, of salary adjustments in Russia and Ukraine, and on the other, higher advertising and communication expenses. Risk costs were € 17 million lower than in the comparable period of the previous year and included a net release of € 12 million relating to post-model adjustments and adjustments to macroeconomic data (prior-year period: allocation of € 15 million).

in € million	Belarus 1/1-31/3 2021	1/1-31/3 2020[1]	Russia 1/1-31/3 2021	1/1-31/3 2020[1]	Ukraine 1/1-31/3 2021	1/1-31/3 2020[1]
Net interest income	17	25	163	207	54	67
Dividend income	0	0	0	0	0	0
Current income from investments in associates	0	0	1	0	0	0
Net fee and commission income	13	15	75	91	18	22
Net trading income and fair value result	2	8	(5)	22	5	1
Net gains/losses from hedge accounting	0	0	2	0	0	0
Other net operating income	2	0	(1)	(2)	0	2
Operating income	**35**	**47**	**235**	**318**	**77**	**91**
General administrative expenses	(14)	(17)	(90)	(104)	(36)	(41)
Operating result	**20**	**30**	**145**	**214**	**41**	**51**
Other result	0	0	(6)	(1)	0	(1)
Governmental measures and compulsory contributions	(1)	(1)	(8)	(12)	(2)	(2)
Impairment losses on financial assets	(2)	(7)	(8)	(17)	1	(2)
Profit/loss before tax	**18**	**22**	**122**	**185**	**39**	**46**
Income taxes	(4)	(5)	(27)	(39)	(7)	(8)
Profit/loss after tax	**13**	**16**	**96**	**145**	**32**	**38**

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

Group Corporates & Markets

in € million	1/1-31/3 2021	1/1-31/3 2020[1]	Change	Q1/2021	Q4/2020[1]	Change
Net interest income	132	151	(12.9)%	132	130	1.1%
Dividend income	2	2	(11.8)%	2	1	189.8%
Current income from investments in associates	1	2	(21.7)%	1	0	–
Net fee and commission income	119	104	14.0%	119	118	0.8%
Net trading income and fair value result	14	(13)	–	14	11	29.7%
Net gains/losses from hedge accounting	2	(1)	–	2	3	(27.6)%
Other net operating income	32	28	17.2%	32	33	(1.5)%
Operating income	**302**	**273**	**10.7%**	**302**	**295**	**2.3%**
General administrative expenses	(165)	(165)	0.0%	(165)	(181)	(9.0)%
Operating result	**137**	**108**	**27.0%**	**137**	**114**	**20.1%**
Other result	2	(1)	–	2	(1)	–
Governmental measures and compulsory contributions	(18)	(13)	32.7%	(18)	(11)	55.5%
Impairment losses on financial assets	(53)	(25)	116.3%	(53)	(21)	155.2%
Profit/loss before tax	**69**	**69**	**(0.9)%**	**69**	**82**	**(16.3)%**
Income taxes	(21)	(15)	42.1%	(21)	(17)	22.6%
Profit/loss after tax	**47**	**54**	**(12.8)%**	**47**	**64**	**(26.7)%**
Return on equity before tax	7.4%	8.2%	(0.8) PP	7.4%	9.7%	(2.3) PP
Return on equity after tax	5.1%	6.5%	(1.3) PP	5.1%	7.6%	(2.5) PP
Net interest margin (average interest-bearing assets)	0.97%	1.17%	(0.20) PP	0.97%	0.95%	0.03 PP
Cost/income ratio	54.5%	60.3%	(5.8) PP	54.5%	61.2%	(6.7) PP

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 was up € 29 million year-on-year, driven by a significant contribution from bond trading (previous year: exchange losses from COVID-19 related market value fluctuations), an increase in profit from institutional customer business at head office, and higher income from investment fund management. This was set against an increase of € 29 million in impairment losses on financial assets. These related mostly to loan loss provisions (post-model adjustments) for the hotel industry, office and retail real estate, and project finance.

Corporate Center

in € million	1/1-31/3 2021	1/1-31/3 2020[1]	Change	Q1/2021	Q4/2020[1]	Change
Net interest income	(5)	(8)	(34.9)%	(5)	(15)	(65.5)%
Dividend income	74	18	309.3%	74	249	(70.3)%
Current income from investments in associates	12	(12)	–	12	(3)	–
Net fee and commission income	9	10	(10.3)%	9	1	>500.0%
Net trading income and fair value result	(4)	(16)	(73.9)%	(4)	(42)	(90.1)%
Net gains/losses from hedge accounting	0	3	(98.2)%	0	2	(97.3)%
Other net operating income	21	21	0.3%	21	35	(38.2)%
Operating income	**107**	**16**	**>500.0%**	**107**	**225**	**(52.7)%**
General administrative expenses	(92)	(92)	(0.1)%	(92)	(92)	0.2%
Operating result	**14**	**(77)**	**–**	**14**	**133**	**(89.4)%**
Other result	(1)	(56)	(97.5)%	(1)	50	–
Governmental measures and compulsory contributions	(31)	(59)	(47.8)%	(31)	1	–
Impairment losses on financial assets	(2)	(1)	73.5%	(2)	3	–
Profit/loss before tax	**(20)**	**(194)**	**(89.4)%**	**(20)**	**188**	**–**
Income taxes	15	16	(3.8)%	15	1	>500.0%
Profit/loss after tax	**(5)**	**(178)**	**(96.9)%**	**(5)**	**189**	**–**

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

The year-on-year rise in profit after tax was driven by a € 56 million increase in intra-Group dividend income and current income from investments in associates, which was impacted by the effects of the pandemic in the previous year. Net trading income and fair value result increased mainly as a result of an improvement in the valuation result for derivatives. The other result improved after a € 29 million impairment on investments in associates and € 27 million goodwill impairment relating to Raiffeisen Kapitalanlage-Gesellschaft were recognized in the previous year. The reduction in expenses for governmental measures and compulsory contributions was largely due to the final payment of the special bank levy in Austria in the previous year (€ 41 million).

Interim consolidated financial statements

(Condensed interim report as at 31 March 2021)

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 45,227 employees serve about 17.4 million clients at 1,829 business outlets located mostly in CEE.

Since the company's shares are traded on a regulated market as defined in § 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 § 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 § 1 of the Austrian Banking Act, RBI AG is subject to regulatory supervision by the Financial Market Authority located at Otto-Wagner-Platz 5, A-1090 Vienna (www.fma.gv.at) and the European Central Bank located at Sonnemannstraße 22, D-60314 Frankfurt am Main (www.bankingsupervision.europa.eu).

The condensed interim report as at 31 March 2021 was neither fully audited nor reviewed.

Statement of comprehensive income

Income statement

in € million	Notes	1/1-31/3/2021	1/1-31/3/2020[1]
Net interest income	[1]	767	881
Interest income according to effective interest method		883	1,085
Interest income other		141	164
Interest expenses		(257)	(368)
Dividend income	[2]	5	6
Current income from investments in associates	[3]	16	(9)
Net fee and commission income	[4]	434	448
Fee and commission income		626	654
Fee and commission expenses		(192)	(207)
Net trading income and fair value result	[5]	5	37
Net gains/losses from hedge accounting	[6]	6	12
Other net operating income	[7]	28	45
Operating income		**1,259**	**1,421**
Staff expenses		(382)	(402)
Other administrative expenses		(213)	(235)
Depreciation		(97)	(94)
General administrative expenses	**[8]**	**(692)**	**(732)**
Operating result		**567**	**689**
Other result	[9]	(38)	(82)
Governmental measures and compulsory contributions	[10]	(130)	(167)
Impairment losses on financial assets	[11]	(79)	(153)
Profit/loss before tax		**321**	**286**
Income taxes	[12]	(78)	(79)
Profit/loss after tax		**243**	**207**
Profit attributable to non-controlling interests		(28)	(31)
Consolidated profit/loss		**216**	**177**

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	1/1-31/3/2021	1/1-31/3/2020
Consolidated profit/loss	216	177
Dividend claim on additional tier 1	(23)	(15)
Profit/loss attributable to ordinary shares	**193**	**161**
Average number of ordinary shares outstanding in million	329	329
Earnings per share in €	**0.59**	**0.49**

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

Other comprehensive income and total comprehensive income

in € million	Notes	1/1-31/3/2021	1/1-31/3/2020
Profit/loss after tax		**243**	**207**
Items which are not reclassified to profit or loss		**1**	**(34)**
Remeasurements of defined benefit plans	[28]	0	(1)
Fair value changes of equity instruments	[15]	(3)	(29)
Fair value changes due to changes in credit risk of financial liabilities	[25]	0	45
Share of other comprehensive income from companies valued at equity	[20]	4	(51)
Deferred taxes on items which are not reclassified to profit or loss	[22, 29]	0	2
Items that may be reclassified subsequently to profit or loss		**47**	**(778)**
Exchange differences		83	(833)
Hedge of net investments in foreign operations	[19, 27]	(30)	100
Adaptions to the cash flow hedge reserve	[19, 27]	(3)	0
Fair value changes of financial assets	[15]	(7)	(54)
Share of other comprehensive income from companies valued at equity	[20]	3	1
Deferred taxes on items which may be reclassified to profit or loss	[22, 29]	2	9
Other comprehensive income		**48**	**(813)**
Total comprehensive income		**292**	**(605)**
Profit attributable to non-controlling interests		(30)	25
hereof income statement		(28)	(31)
hereof other comprehensive income		(3)	55
Profit/loss attributable to owners of the parent		**262**	**(580)**

Statement of financial position

Assets in € million	Notes	31/3/2021	31/12/2020
Cash, cash balances at central banks and other demand deposits	[13]	40,398	33,660
Financial assets - amortized cost	[14]	119,600	116,596
Financial assets - fair value through other comprehensive income	[15, 32]	5,506	4,769
Non-trading financial assets - mandatorily fair value through profit/loss	[16, 32]	865	822
Financial assets - designated fair value through profit/loss	[17, 32]	361	457
Financial assets - held for trading	[18, 32]	4,339	4,400
Hedge accounting	[19]	417	563
Investments in subsidiaries and associates	[20]	907	1,002
Tangible fixed assets	[21]	1,664	1,684
Intangible fixed assets	[21]	757	763
Current tax assets	[22]	72	87
Deferred tax assets	[22]	102	121
Other assets	[23]	1,164	1,035
Total		**176,152**	**165,959**

Equity and liabilities in € million	Notes	31/3/2021	31/12/2020
Financial liabilities - amortized cost	[24]	151,753	141,735
Financial liabilities - designated fair value through profit/loss	[25, 32]	1,480	1,507
Financial liabilities - held for trading	[26, 32]	5,627	5,980
Hedge accounting	[27]	297	421
Provisions for liabilities and charges	[28]	1,147	1,061
Current tax liabilities	[29]	48	77
Deferred tax liabilities	[29]	40	37
Other liabilities	[30]	1,184	853
Equity	[31]	14,576	14,288
Consolidated equity		12,096	11,835
Non-controlling interests		867	820
Additional tier 1		1,613	1,633
Total		**176,152**	**165,959**

Statement of changes in equity

in € million	Sub-scribed capital	Capital reserves	Retained earnings	Cumulative other comprehensive income	Consolidated equity	Non-controlling interests	Additional tier 1	Total
Equity as at 1/1/2021	**1,002**	**4,992**	**9,234**	**(3,394)**	**11,835**	**820**	**1,633**	**14,288**
Capital increases/ decreases	0	0	0	0	0	0	0	0
Allocation dividend - AT1	0	0	0	0	0	0	0	0
Dividend payments	0	0	0	0	0	0	0	0
Own shares	0	0	0	0	0	0	(19)	(19)
Other changes	0	0	0	0	0	16	0	16
Total comprehensive income	0	0	216	46	262	30	0	292
Equity as at 31/3/2021	**1,002**	**4,992**	**9,450**	**(3,348)**	**12,096**	**867**	**1,613**	**14,576**

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	0	0
Allocation dividend - AT1	0	0	0	0	0	0	0	0
Dividend payments	0	0	0	0	0	0	0	0
Own shares	0	0	0	0	0	0	(16)	(16)
Other changes	0	0	34	0	34	(1)	0	33
Total comprehensive income	0	0	177	(757)	(580)	(25)	0	(605)
Equity as at 31/3/2020	**1,002**	**4,992**	**8,654**	**(3,377)**	**11,271**	**786**	**1,121**	**13,177**

Statement of cash flows

in € million	Notes	1/1-31/3/2021	1/1-31/3/2020[1]
Cash, cash balances at central banks and other demand deposits as at 1/1	**[13]**	**33,660**	**24,289**
Operating activities:			
Profit/loss before tax		321	286
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]	95	120
Net provisioning for liabilities and charges and impairment losses on financial assets	[7, 11]	115	155
Gains/losses from the measurement and derecognition of assets and liabilities	[5, 9]	(57)	(179)
Income from investments in associates	[3]	(16)	9
Other adjustments (net)[2]		(608)	(682)
Subtotal		**(150)**	**(290)**
Changes in assets and liabilities arising from operating activities after corrections for non-cash positions:			
Financial assets - amortized cost	[14]	(2,827)	(3,081)
Financial assets - fair value through other comprehensive income	[15, 32]	(717)	26
Non-trading financial assets - mandatorily fair value through profit/loss	[16, 32]	(49)	(111)
Financial assets - designated fair value through profit/loss	[17, 32]	95	93
Financial assets - held for trading	[18, 32]	(13)	204
Other assets	[23]	(86)	(69)
Financial liabilities - amortized cost	[24]	9,898	6,743
Financial liabilities - designated fair value through profit/loss	[25, 32]	(16)	(53)
Financial liabilities - held for trading	[26, 32]	(206)	172
Provisions for liabilities and charges	[28]	(32)	(14)
Other liabilities	[30]	211	(76)
Interest received	[1]	939	1,157
Interest paid	[1]	(237)	(352)
Dividends received	[2]	128	46
Income taxes paid	[12]	(74)	(93)
Net cash from operating activities		**6,864**	**4,303**

1 Previous year figures adjusted due to the disclosure of cash outflows for leases and cash flows from the change in the holdings of own shares in cash flows from financing activities as well as the disclosure of income taxes paid in one single line
2 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.

in € million		1/1-31/3/2021	1/1-31/3/2020[1]
Investing activities:			
Cash and cash equivalents from disposal of subsidiaries		(2)	(1)
Payments for purchase of:			
Investment securities and shares	[14, 15, 16, 17, 20]	(724)	(1,085)
Tangible and intangible fixed assets	[21]	(67)	(67)
Subsidiaries		0	0
Proceeds from sale of:			
Investment securities and shares	[14, 15, 16, 17, 20]	569	214
Tangible and intangible fixed assets	[21]	5	39
Subsidiaries	[9]	0	0
Net cash from investing activities		**(217)**	**(899)**
Financing activities:			
Capital increases		0	0
Capital decreases		(19)	(16)
Inflows subordinated financial liabilities	[24, 25]	0	0
Outflows subordinated financial liabilities	[24, 25]	0	(193)
Cash flows for leases		(20)	(24)
Dividend payments		0	0
Changes in non-controlling interests		0	0
Net cash from financing activities		**(40)**	**(233)**
Effect of exchange rate changes		131	(251)
Cash, cash balances at central banks and other demand deposits as at 31/3		**40,398**	**27,209**

1 Previous year figures adjusted due to the disclosure of cash outflows for leases and cash flows from the change in the holdings of own shares in cash flows from financing activities as well as the disclosure of income taxes paid in one single line

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.

1/1-31/3/2021 in € million	Central Europe	Southeastern Europe	Eastern Europe	Group Corporates & Markets
Net interest income	184	208	234	132
Dividend income	0	0	0	2
Current income from investments in associates	2	0	1	1
Net fee and commission income	107	95	106	119
Net trading income and fair value result	0	6	3	14
Net gains/losses from hedge accounting	(1)	0	2	2
Other net operating income	3	4	1	32
Operating income	**296**	**313**	**346**	**302**
General administrative expenses	(170)	(157)	(140)	(165)
Operating result	**125**	**156**	**206**	**137**
Other result	(29)	(4)	(6)	2
Governmental measures and compulsory contributions	(45)	(25)	(11)	(18)
Impairment losses on financial assets	(8)	(10)	(9)	(53)
Profit/loss before tax	**43**	**117**	**180**	**69**
Income taxes	(18)	(16)	(38)	(21)
Profit/loss after tax	**25**	**102**	**141**	**47**
Profit attributable to non-controlling interests	(13)	0	(12)	(2)
Profit/loss after deduction of non-controlling interests	**11**	**102**	**130**	**45**
Return on equity before tax	5.0%	13.2%	27.1%	7.4%
Return on equity after tax	2.9%	11.4%	21.3%	5.1%
Net interest margin (average interest-bearing assets)	1.61%	3.01%	4.86%	0.97%
Cost/income ratio	57.6%	50.2%	40.5%	54.5%
Loan/deposit ratio	85.0%	67.2%	72.0%	128.0%
Provisioning ratio (average loans to customers)	0.11%	0.25%	0.42%	0.63%
NPE ratio	1.8%	2.7%	2.2%	1.7%
NPE coverage ratio	61.4%	68.2%	60.2%	54.8%
Assets	50,088	30,353	21,454	57,249
Total risk-weighted assets (RWA)	20,920	16,549	13,398	28,825
Equity	3,490	3,525	2,706	3,713
Loans to customers	29,921	16,363	12,079	34,467
Deposits from customers	36,416	24,429	16,943	29,252
Business outlets	355	854	600	20
Employees as at reporting date (full-time equivalents)	9,197	14,023	16,957	3,182
Customers in million	2.9	5.2	7.3	1.9

1/1-31/3/2021 in € million	Corporate Center	Reconciliation	Total
Net interest income	(5)	14	767
Dividend income	74	(71)	5
Current income from investments in associates	12	0	16
Net fee and commission income	9	(2)	434
Net trading income and fair value result	(4)	(13)	5
Net gains/losses from hedge accounting	0	3	6
Other net operating income	21	(34)	28
Operating income	**107**	**(104)**	**1,259**
General administrative expenses	(92)	32	(692)
Operating result	**14**	**(71)**	**567**
Other result	(1)	0	(38)
Governmental measures and compulsory contributions	(31)	0	(130)
Impairment losses on financial assets	(2)	5	(79)
Profit/loss before tax	**(20)**	**(66)**	**321**
Income taxes	15	0	(78)
Profit/loss after tax	**(5)**	**(66)**	**243**
Profit attributable to non-controlling interests	0	0	(28)
Profit/loss after deduction of non-controlling interests	**(5)**	**(66)**	**216**
Return on equity before tax	-	-	9.0%
Return on equity after tax	-	-	6.8%
Net interest margin (average interest-bearing assets)	-	-	1.94%
Cost/income ratio	-	-	55.0%
Loan/deposit ratio	-	-	86.9%
Provisioning ratio (average loans to customers)	-	-	0.35%
NPE ratio	-	-	1.8%
NPE coverage ratio	-	-	61.2%
Assets	41,809	(24,801)	176,152
Total risk-weighted assets (RWA)	14,045	(12,375)	81,362
Equity	7,449	(6,308)	14,576
Loans to customers	777	(1,746)	91,861
Deposits from customers	511	(3,340)	104,211
Business outlets	-	-	1,829
Employees as at reporting date (full-time equivalents)	1,774	-	45,133
Customers in million	0.0	-	17.4

1/1-31/3/2020[1] in € million	Central Europe	Southeastern Europe	Eastern Europe	Group Corporates & Markets
Net interest income	217	219	298	151
Dividend income	0	1	0	2
Current income from investments in associates	1	0	0	2
Net fee and commission income	108	97	129	104
Net trading income and fair value result	(2)	8	30	(13)
Net gains/losses from hedge accounting	3	0	0	(1)
Other net operating income	29	3	0	28
Operating income	**357**	**327**	**457**	**273**
General administrative expenses	(181)	(166)	(162)	(165)
Operating result	**176**	**161**	**295**	**108**
Other result	(12)	(11)	(2)	(1)
Governmental measures and compulsory contributions	(51)	(29)	(15)	(13)
Impairment losses on financial assets	(50)	(51)	(26)	(25)
Profit/loss before tax	**63**	**70**	**252**	**69**
Income taxes	(15)	(11)	(53)	(15)
Profit/loss after tax	**47**	**59**	**199**	**54**
Profit attributable to non-controlling interests	(14)	0	(14)	(4)
Profit/loss after deduction of non-controlling interests	**33**	**59**	**185**	**51**
Return on equity before tax	7.4%	8.5%	32.6%	8.2%
Return on equity after tax	5.6%	7.2%	25.8%	6.5%
Net interest margin (average interest-bearing assets)	2.13%	3.48%	5.59%	1.17%
Cost/income ratio	50.8%	50.7%	35.5%	60.3%
Loan/deposit ratio	99.7%	72.4%	76.1%	151.5%
Provisioning ratio (average loans to customers)	0.68%	1.27%	0.75%	0.32%
NPE ratio	2.2%	2.8%	2.1%	1.7%
NPE coverage ratio	62.8%	70.2%	55.6%	58.6%
Assets	41,422	28,000	21,987	56,228
Total risk-weighted assets (RWA)	21,505	16,521	13,489	26,215
Equity	3,336	3,276	2,772	3,413
Loans to customers	29,334	16,259	12,756	31,766
Deposits from customers	31,192	22,547	17,105	29,054
Business outlets	392	893	693	22
Employees as at reporting date (full-time equivalents)	9,704	14,469	17,995	2,995
Customers in million	2.8	5.3	6.8	2.0

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

1/1-31/3/2020[1] in € million	Corporate Center	Reconciliation	Total
Net interest income	(8)	4	881
Dividend income	18	(15)	6
Current income from investments in associates	(12)	0	(9)
Net fee and commission income	10	0	448
Net trading income and fair value result	(16)	30	37
Net gains/losses from hedge accounting	3	8	12
Other net operating income	21	(35)	45
Operating income	**16**	**(9)**	**1,421**
General administrative expenses	(92)	34	(732)
Operating result	**(77)**	**26**	**689**
Other result	(56)	0	(82)
Governmental measures and compulsory contributions	(59)	0	(167)
Impairment losses on financial assets	(1)	0	(153)
Profit/loss before tax	**(194)**	**26**	**286**
Income taxes	16	(1)	(79)
Profit/loss after tax	**(178)**	**26**	**207**
Profit attributable to non-controlling interests	0	0	(31)
Profit/loss after deduction of non-controlling interests	**(178)**	**26**	**177**
Return on equity before tax	–	–	8.5%
Return on equity after tax	–	–	6.1%
Net interest margin (average interest-bearing assets)	–	–	2.43%
Cost/income ratio	–	–	51.5%
Loan/deposit ratio	–	–	97.6%
Provisioning ratio (average loans to customers)	–	–	0.66%
NPE ratio	–	–	2.0%
NPE coverage ratio	–	–	62.4%
Assets	36,352	(28,392)	155,596
Total risk-weighted assets (RWA)	13,361	(12,910)	78,181
Equity	6,757	(6,376)	13,177
Loans to customers	4,537	(2,455)	92,198
Deposits from customers	1,317	(4,131)	97,083
Business outlets	–	–	2,000
Employees as at reporting date (full-time equivalents)	1,597	–	46,760
Customers in million	0.0	–	16.8

1 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). The interim consolidated financial statements also meet the requirements of IAS 34 for interim financial reporting.

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

For the purpose of a transparent presentation of the regulatory induced levies, deposit insurance fees amounting to € 43 million (previous-year period: € 39 million), previously shown in other administrative expenses, are disclosed in the item governmental measures and compulsory contributions as of 1 January 2021. Other non-income related taxes totaling € 14 million (previous-year period: € 16 million), previously shown in other net operating income, are disclosed in the item other administrative expenses. In analogy with the non-substantial modification results, gains/losses from derecognition due to substantial modification of contract terms amounting to minus € 1 million (previous-year period: € 0 million), previously shown in other net operating income, are disclosed in the item other result. The figures of the previous-year period were adapted.

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 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. The modification gains or losses are 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 item (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 Annual Report 2020, in the notes to financial instruments and in the risk report.

Country	Moratorium	Type	Description
Albania	expired end of August 2020	–	–
Belarus	no moratorium	–	–
Bosnia and Herzegovina	expired end of December 2020	–	–
Bulgaria	until year-end 2021	opt-in	principal, interest
Kosovo	until end of August 2021	opt-out	principal, interest
Croatia	until year-end 2021	opt-in	principal, interest
Austria	expired end of January 2021	opt-in	principal, interest
Romania	expired end of March 2021	opt-in	principal, interest
Russia	expired end of September 2020	–	–
Serbia	until end of October 2021	opt-out/opt-in	principal, interest
Slovakia	extended until end of pandemic	opt-in	principal, interest
Czech Republic	expired end of October 2020	–	–
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 adequate liquidity during the COVID-19 pandemic.

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.

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. The interest rate of the TLTRO facility depends on the development of a benchmark loan portfolio based on two comparision periods. At RBI, the interest is accrued over the entire term of the refinancing with a deposit facility rate of currently minus 0.5 per cent.

Application of new and revised standards

Amendments to IFRS 9, IAS 39 and IFRS 7 (Interest Rate Benchmark Reform – phase 2; effective date: 1 January 2021)

The standard amendments represent the result of the second phase and address issues that could effect the financial reporting following the interest rate benchmark reform, including its replacement with alternative benchmark interest rates. The changes are to be applied for the reporting periods beginning on or after 1 January 2021. RBI is closely monitoring market developments related to the IBOR reform with specific project in each networkbank and at head office. So far, no material effects have been observed in RBI.

Amendments to IFRS 17 and IFRS 4 (Extension of the Temporary Exemption from Applying IFRS 9; effective date: 1 January 2021)

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

Standards and interpretations not yet applicable

Information on this can be seen in the Annual Report 2020, chapter recognition and measurement principles.

Currencies

	2021		2020	
Rates in units per €	As at 31/3	Average 1/1-31/3	As at 31/12	Average 1/1-31/3
Albanian lek (ALL)	123.140	123.500	123.710	123.998
Belarusian ruble (BYN)	3.075	3.152	3.205	2.503
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)	7.571	7.568	7.552	7.495
Czech koruna (CZK)	26.143	26.150	26.242	25.830
Hungarian forint (HUF)	363.270	361.745	363.890	341.293
Polish zloty (PLN)	4.651	4.565	4.560	4.359
Romanian leu (RON)	4.922	4.885	4.868	4.801
Russian ruble (RUB)	88.318	90.588	91.467	74.963
Serbian dinar (RSD)	117.650	117.530	117.480	117.483
Ukrainian hryvnia (UAH)	32.649	33.827	34.756	27.915
US dollar (USD)	1.173	1.206	1.227	1.105

Consolidated group

	Fully consolidated	
Number of units	31/3/2021	31/12/2020
As at beginning of period	**209**	**209**
Included for the first time in the financial period	1	6
Merged in the financial period	0	(1)
Excluded in the financial period	(2)	(5)
As at end of period	**208**	**209**

In the reporting period, one company operating in the leasing business was included for the first time. Two companies engaged in real estate business were excluded from the consolidated group due to immateriality.

Notes to the income statement

(1) Net interest income

in € million	1/1-31/3/2021	1/1-31/3/2020
Interest income according to effective interest method	**883**	**1,085**
Financial assets - fair value through other comprehensive income	22	20
Financial assets - amortized cost	861	1,066
Interest income other	**141**	**164**
Financial assets - held for trading	27	68
Non-trading financial assets - mandatorily fair value through profit/loss	5	8
Financial assets - designated fair value through profit/loss	2	6
Derivatives – hedge accounting, interest rate risk	69	58
Other assets	2	3
Interest income on financial liabilities	36	21
Interest expenses	**(257)**	**(368)**
Financial liabilities - amortized cost	(160)	(240)
Financial liabilities - held for trading	(18)	(70)
Financial liabilities - designated fair value through profit/loss	(11)	(13)
Derivatives – hedge accounting, interest rate risk	(52)	(36)
Other liabilities	(1)	(1)
Interest expenses on financial assets	(15)	(8)
Total	**767**	**881**

Net interest income decreased € 115 million to € 767 million as a result of interest rate cuts in numerous Group countries and of currency depreciations, in particular in Russia and Ukraine.

in € million	1/1-31/3/2021	1/1-31/3/2020
Net interest income	767	881
Average interest-bearing assets	158,454	145,384
Net interest margin	**1.94%**	**2.43%**

The net interest margin declined by 49 basis points to 1.94 per cent. Group average interest-bearing assets rose 9 per cent, mainly due to increases in short-term investments of excess liquidity.

(2) Dividend income

in € million	1/1-31/3/2021	1/1-31/3/2020
Financial assets - held for trading	0	0
Financial assets - fair value through other comprehensive income	4	4
Investments in subsidiaries and associates	1	2
Total	**5**	**6**

(3) Current income from investments in associates

in € million	1/1-31/3/2021	1/1-31/3/2020
Current income from investments in associates	16	(9)

(4) Net fee and commission income

in € million	1/1-31/3/2021	1/1-31/3/2020
Clearing, settlement and payment services	166	168
Loan and guarantee business	50	53
Securities	19	19
Asset management	68	63
Custody	20	17
Customer resources distributed but not managed	11	12
Foreign exchange business	88	98
Other	11	18
Total	**434**	**448**

Net fee and commission income was down € 14 million to € 434 million, mainly due to lower volumes as a result of COVID-19 and to currency depreciations.

in € million	1/1-31/3/2021	1/1-31/3/2020
Fee and commission income	**626**	**654**
Clearing, settlement and payment services	268	282
Clearing and settlement	66	71
Credit cards	25	27
Debit cards and other card payments	59	62
Other payment services	119	122
Loan and guarantee business	60	60
Securities	33	35
Asset management	102	98
Custody	23	20
Customer resources distributed but not managed	20	19
Foreign exchange business	94	107
Other	25	33
Fee and commission expenses	**(192)**	**(207)**
Clearing, settlement and payment services	(102)	(114)
Clearing and settlement	(31)	(34)
Credit cards	(15)	(16)
Debit cards and other card payments	(28)	(29)
Other payment services	(29)	(34)
Loan and guarantee business	(10)	(7)
Securities	(15)	(16)
Asset management	(34)	(34)
Custody	(3)	(4)
Customer resources distributed but not managed	(8)	(7)
Foreign exchange business	(6)	(9)
Other	(14)	(15)
Total	**434**	**448**

(5) Net trading income and fair value result

in € million	1/1-31/3/2021	1/1-31/3/2020
Net gains/losses on financial assets and liabilities - held for trading	**49**	**232**
Derivatives	49	378
Equity instruments	21	(91)
Debt securities	(14)	(34)
Loans and advances	2	3
Short positions	4	0
Deposits	(14)	(28)
Debt securities issued	0	(1)
Other financial liabilities	0	3
Net gains/losses on non-trading financial assets - mandatorily fair value through profit or loss	**1**	**(3)**
Equity instruments	0	0
Debt securities	0	(8)
Loans and advances	1	5
Net gain/losses on financial assets and liabilities - designated fair value through profit/loss	**6**	**(13)**
Debt securities	(3)	(7)
Deposits	(1)	(3)
Debt securities issued	10	(3)
Exchange differences, net	**(51)**	**(179)**
Total	**5**	**37**

Net trading income and fair value result fell € 32 million to € 5 million. In the previous year, there were € 47 million in valuation gains on certificates issued, mainly due to the increase in risk premiums at the time following the onset of the COVID-19 pandemic. A positive change of € 32 million was recorded at head office, mainly from the valuation of equity instruments measured at fair value and government bonds on which market-related valuation losses were recognized in the previous year's period. This contrasted with a decrease of € 27 million in Russia, mostly comprising interest rate-related valuation losses on government bonds and also on foreign exchange derivatives that were subject to high volatility on the foreign currency markets in the previous year's period.

In total, gains of € 49 million were recognized on derivatives in the reporting period in net gains/losses on financial assets and liabilities – held for trading (prior-year period: € 378 million). Derivatives are used above all to hedge interest rate and currency risks. In large part, these losses were offset by (net) currency translation losses of € 51 million (prior-year period: loss of € 179 million), mostly relating to changes in the Russian ruble exchange rate.

Positive changes of € 112 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 in the prior-year period. The equity instruments are mostly embedded in hedging relationships, resulting in a positive change being offset by a decrease in the derivatives item.

(6) Net gains/losses from hedge accounting

in € million	1/1-31/3/2021	1/1-31/3/2020
Fair value changes of the hedging instruments	78	(47)
Fair value changes of the hedged items attributable to the hedged risk	(72)	59
Ineffectiveness of cash flow hedge recognized in profit or loss	0	0
Total	**6**	**12**

(7) Other net operating income

in € million	1/1-31/3/2021	1/1-31/3/2020[1]
Income	79	122
Expenses	(50)	(76)
Total	**28**	**45**

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

in € million	1/1-31/3/2021	1/1-31/3/2020[1]
Gains/losses on derecognition of not modified financial assets and liabilities - not measured at fair value through profit/loss	6	0
Gains/losses on derecognition of non-financial assets held for sale	2	2
Net income arising from non-banking activities	3	8
Net income from additional leasing services	4	0
Net income from insurance contracts	0	1
Net rental income from investment property incl. operating lease (real estate)	12	14
Net expense from allocation and release of other provisions	(3)	14
Other operating income/expenses	5	6
Total	**28**	**45**

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

(8) General administrative expenses

in € million	1/1-31/3/2021	1/1-31/3/2020[1]
Staff expenses	(382)	(402)
Other administrative expenses	(213)	(235)
Depreciation of tangible and intangible fixed assets	(97)	(94)
Total	**(692)**	**(732)**

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

Staff expenses

in € million	1/1-31/3/2021	1/1-31/3/2020
Wages and salaries	(294)	(313)
Social security costs and staff-related taxes	(69)	(72)
Other voluntary social expenses	(10)	(11)
Sundry staff expenses	(8)	(6)
Total	**(382)**	**(402)**

Other administrative expenses

in € million	1/1-31/3/2021	1/1-31/3/2020[1]
Office space expenses	(22)	(27)
IT expenses	(75)	(76)
Legal, advisory and consulting expenses	(24)	(24)
Advertising, PR and promotional expenses	(22)	(25)
Communication expenses	(16)	(15)
Office supplies	(4)	(7)
Car expenses	(2)	(3)
Security expenses	(7)	(10)
Traveling expenses	(1)	(3)
Training expenses for staff	(2)	(4)
Other non-income related taxes	(14)	(16)
Sundry administrative expenses	(25)	(25)
Total	**(213)**	**(235)**
hereof expenses for short-term leases	(3)	(3)
hereof expenses for low-value assets	(1)	(1)

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

Depreciation of tangible and intangible fixed assets

in € million	1/1-31/3/2021	1/1-31/3/2020
Tangible fixed assets	(56)	(57)
hereof right-of-use assets	(20)	(21)
Intangible fixed assets	(40)	(37)
Total	**(97)**	**(94)**

(9) Other result

in € million	1/1-31/3/2021	1/1-31/3/2020[1]
Net modification gains/losses	**1**	**(10)**
Gains/losses from changes in present value of non-substantially modified contracts	2	(10)
Gains/losses from derecognition due to substantial modification of contract terms	(1)	0
Impairment or reversal of impairment on investments in subsidiaries and associates	**(2)**	**(30)**
Impairment or reversal of impairment on non-financial assets	**2**	**(26)**
Goodwill	0	(27)
Other	2	0
Result from non-current assets and disposal groups classified as held for sale and deconsolidation	**(5)**	**(1)**
Net income from non-current assets and disposal groups classified as held for sale	0	0
Result of deconsolidations	(5)	(1)
Tax expenses not attributable to the business activity	**0**	**0**
Credit-linked and portfolio-based provisions for litigation	**(33)**	**(16)**
Total	**(38)**	**(82)**

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

(10) Governmental measures and compulsory contributions

in € million	1/1-31/3/2021	1/1-31/3/2020[1]
Governmental measures	**(19)**	**(73)**
Bank levies	(19)	(73)
Compulsory contributions	**(111)**	**(94)**
Resolution fund	(67)	(55)
Deposit insurance fees	(43)	(39)
Total	**(130)**	**(167)**

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

(11) Impairment losses on financial assets

in € million	1/1-31/3/2021	1/1-31/3/2020
Loans and advances	(76)	(170)
Debt securities	(3)	(1)
Loan commitments, financial guarantees and other commitments given	0	18
Total	**(79)**	**(153)**

(12) Income taxes

in € million	1/1-31/3/2021	1/1-31/3/2020
Current income taxes	(55)	(77)
Austria	(5)	3
Foreign	(50)	(79)
Deferred taxes	(23)	(2)
Total	**(78)**	**(79)**
Tax rate	24.2%	27.6%

The 3.4 percentage point reduction in the effective tax rate was due to the improved earnings contribution from head office, primarily due to impairments on investments valued at equity and impairment on the goodwill of Raiffeisen Kapitalanlage-Gesellschaft in the prior-year period.

Notes to the statement of financial position

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

in € million	31/3/2021	31/12/2020
Cash in hand	5,532	5,674
Balances at central banks	27,323	21,648
Other demand deposits at banks	7,543	6,338
Total	**40,398**	**33,660**

The increase in balances at central banks was primarily due to deposits made for liquidity management purposes. The minimum reserve, which is not freely available, amounted to € 239 million on the reporting date (31/12/2020: € 235 million).

(14) Financial assets - amortized cost

in € million	31/3/2021 Gross carrying amount	Accumulated impairment	Carrying amount	31/12/2020 Gross carrying amount	Accumulated impairment	Carrying amount
Debt securities	**14,529**	**(16)**	**14,513**	**14,383**	**(12)**	**14,371**
Central banks	800	0	800	1,213	0	1,213
General governments	10,908	(10)	10,899	10,566	(6)	10,559
Banks	1,895	0	1,894	1,761	0	1,761
Other financial corporations	558	(5)	553	597	(5)	592
Non-financial corporations	368	(1)	367	246	(1)	246
Loans and advances	**107,703**	**(2,617)**	**105,086**	**104,780**	**(2,555)**	**102,225**
Central banks	8,588	0	8,588	6,762	0	6,762
General governments	1,718	(3)	1,715	2,116	(4)	2,112
Banks	5,058	(3)	5,055	5,192	(4)	5,189
Other financial corporations	9,209	(86)	9,124	9,277	(73)	9,205
Non-financial corporations	47,466	(1,361)	46,105	46,170	(1,314)	44,856
Households	35,664	(1,164)	34,500	35,262	(1,161)	34,101
Total	**122,232**	**(2,633)**	**119,600**	**119,163**	**(2,567)**	**116,596**

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

in € million	31/3/2021 Gross carrying amount[1]	Accumulated impairment	Carrying amount	31/12/2020 Gross carrying amount[1]	Accumulated impairment	Carrying amount
Equity instruments	**147**	**–**	**147**	**157**	**–**	**157**
Banks	16	–	16	15	–	15
Other financial corporations	71	–	71	80	–	80
Non-financial corporations	61	–	61	62	–	62
Debt securities	**5,363**	**(4)**	**5,359**	**4,616**	**(4)**	**4,612**
General governments	3,954	(3)	3,951	3,205	(3)	3,202
Banks	1,014	0	1,014	917	0	917
Other financial corporations	211	0	211	303	0	303
Non-financial corporations	183	(1)	182	191	(1)	190
Total	**5,510**	**(4)**	**5,506**	**4,773**	**(4)**	**4,769**

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

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

in € million	31/3/2021	31/12/2020
Equity instruments	**1**	**1**
Banks	0	0
Other financial corporations	1	1
Non-financial corporations	0	0
Debt securities	**445**	**422**
General governments	295	275
Banks	21	18
Other financial corporations	116	115
Non-financial corporations	14	14
Loans and advances	**418**	**398**
General governments	2	2
Banks	2	2
Other financial corporations	35	34
Non-financial corporations	97	95
Households	283	266
Total	**865**	**822**

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

in € million	31/3/2021	31/12/2020
Debt securities	**361**	**457**
General governments	197	295
Banks	33	31
Other financial corporations	0	0
Non-financial corporations	131	131
Total	**361**	**457**

(18) Financial assets - held for trading

in € million	31/3/2021	31/12/2020
Derivatives	**2,003**	**2,102**
Interest rate contracts	1,182	1,342
Equity contracts	208	134
Foreign exchange rate and gold contracts	594	612
Credit contracts	14	11
Commodities	3	3
Other	1	0
Equity instruments	**459**	**227**
Banks	37	26
Other financial corporations	102	85
Non-financial corporations	321	116
Debt securities	**1,877**	**2,071**
General governments	1,379	1,568
Banks	265	260
Other financial corporations	125	109
Non-financial corporations	107	134
Total	**4,339**	**4,400**

(19) Hedge accounting

in € million	31/3/2021	31/12/2020
Positive fair values of derivatives in micro fair value hedge	**249**	**212**
Interest rate contracts	249	210
Foreign exchange rate and gold contracts	1	2
Positive fair values of derivatives in net investment hedge	**2**	**39**
Positive fair values of derivatives in portfolio hedge	**145**	**152**
Cash flow hedge	10	24
Fair value hedge	135	128
Fair value adjustments of the hedged items in portfolio hedge of interest rate risk	**22**	**161**
Total	**417**	**563**

(20) Investments in subsidiaries and associates

in € million	31/3/2021	31/12/2020
Investments in affiliated companies	252	254
Investments in associates valued at equity	655	748
Total	**907**	**1,002**

The decline in the item investments in asscociates valued at equity was due to a payout at Raiffeisen Informatik GmbH & Co KG and to the carrying amount reduction involved.

(21) Tangible and intangible fixed assets

in € million	31/3/2021	31/12/2020
Tangible fixed assets	**1,664**	**1,684**
Land and buildings used by the group for own purpose	527	531
Office furniture, equipment and other tangible fixed assets	324	327
Investment property	288	290
Other leased assets (operating lease)	87	90
Right-of-use assets	438	447
Intangible fixed assets	**757**	**763**
Software	668	674
Goodwill	73	73
Brand	8	8
Customer relationships	1	1
Other intangible fixed assets	6	6
Total	**2,421**	**2,447**

(22) Tax assets

in € million	31/3/2021	31/12/2020
Current tax assets	72	87
Deferred tax assets	102	121
Temporary tax claims	90	108
Loss carry forwards	12	13
Total	**174**	**208**

(23) Other assets

in € million	31/3/2021	31/12/2020
Prepayments and other deferrals	444	419
Merchandise inventory and suspense accounts for services rendered not yet charged out	240	168
Non-current assets and disposal groups classified as held for sale	23	22
Other assets	457	425
Total	**1,164**	**1,035**

(24) Financial liabilities - amortized cost

in € million	31/3/2021	31/12/2020
Deposits from banks	**37,193**	**29,073**
Current accounts/overnight deposits	14,709	12,709
Deposits with agreed maturity	19,161	15,782
Repurchase agreements	3,322	583
Deposits from customers	**103,996**	**101,881**
Current accounts/overnight deposits	78,942	76,197
Deposits with agreed maturity	24,967	25,564
Repurchase agreements	86	121
Debt securities issued	**9,831**	**10,346**
Covered bonds	1,220	1,246
Hybrid contracts	0	0
Other debt securities issued	8,612	9,100
hereof convertible compound financial instruments	899	910
hereof non-convertible	7,713	8,189
Other financial liabilities	**733**	**434**
Total	**151,753**	**141,735**
hereof subordinated financial liabilities	3,103	3,005
hereof lease liabilities	446	454

Deposits from banks and customers by asset classes:

in € million	31/3/2021	31/12/2020
Central banks	9,607	7,115
General governments	2,056	2,463
Banks	27,586	21,959
Other financial corporations	8,760	9,726
Non-financial corporations	41,173	39,645
Households	52,007	50,047
Total	**141,189**	**130,955**

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

in € million	31/3/2021	31/12/2020
Deposits from banks	**48**	**48**
Deposits with agreed maturity	48	48
Deposits from customers	**215**	**231**
Deposits with agreed maturity	215	231
Debt securities issued	**1,217**	**1,228**
Hybrid contracts	3	3
Other debt securities issued	1,214	1,226
hereof convertible compound financial instruments	4	4
hereof non-convertible	1,210	1,221
Total	**1,480**	**1,507**
hereof subordinated financial liabilities	228	228

(26) Financial liabilities - held for trading

in € million	31/3/2021	31/12/2020
Derivatives	**1,734**	**2,057**
Interest rate contracts	975	1,128
Equity contracts	167	227
Foreign exchange rate and gold contracts	519	603
Credit contracts	24	18
Commodities	2	0
Other	47	80
Short positions	**312**	**501**
Equity instruments	7	97
Debt securities	305	404
Debt securities issued	**3,581**	**3,422**
Hybrid contracts	3,482	3,332
Other debt securities issued	99	90
hereof convertible compound financial instruments	99	90
Total	**5,627**	**5,980**

(27) Hedge accounting

in € million	31/3/2021	31/12/2020
Negative fair values of derivatives in micro fair value hedge	**34**	**43**
Interest rate contracts	34	43
Negative fair values of derivatives in micro cash flow hedge	**0**	**1**
Interest rate contracts	0	1
Negative fair values of derivatives in net investment hedge	**29**	**9**
Negative fair values of derivatives in portfolio hedge	**291**	**344**
Cash flow hedge	0	7
Fair value hedge	291	338
Fair value adjustments of the hedged items in portfolio hedge of interest rate risk	**(57)**	**24**
Total	**297**	**421**

(28) Provisions for liabilities and charges

in € million	31/3/2021	31/12/2020
Provisions for off-balance sheet items	**176**	**176**
Other commitments and guarantees according to IFRS 9	175	174
Other commitments and guarantees according to IAS 37	1	1
Provisions for staff	**475**	**478**
Pensions and other post employment defined benefit obligations	204	204
Other long-term employee benefits	59	59
Bonus payments	141	153
Provisions for overdue vacations	68	58
Termination benefits	4	4
Other provisions	**495**	**407**
Pending legal issues and tax litigation	273	247
Restructuring	18	18
Onerous contracts	62	62
Other provisions	142	80
Total	**1,147**	**1,061**

The increase in other provisions of € 62 million was mainly due to allocations related to governmental measures and compulsory contributions.

(29) Tax liabilities

in € million	31/3/2021	31/12/2020
Current tax liabilities	48	77
Deferred tax liabilities	40	37
Total	**88**	**114**

(30) Other liabilities

in € million	31/3/2021	31/12/2020
Liabilities from insurance activities	184	176
Deferred income and accrued expenses	496	440
Sundry liabilities	504	238
Total	**1,184**	**853**

(31) Equity

in € million	31/3/2021	31/12/2020
Consolidated equity	12,096	11,835
Subscribed capital	1,002	1,002
Capital reserves	4,992	4,992
Retained earnings	9,450	9,234
hereof consolidated profit/loss	216	804
Cumulative other comprehensive income	(3,348)	(3,394)
Non-controlling interests	867	820
Additional tier 1	1,613	1,633
Total	**14,576**	**14,288**

As at 31 March 2021, 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.

Notes to financial instruments

(32) Fair value of financial instruments

Fair value of financial instruments reported at fair value:

Assets in € million	31/3/2021 Level I	 Level II	 Level III	31/12/2020 Level I	 Level II	 Level III
Financial assets - held for trading	**1,964**	**2,374**	**0**	**1,852**	**2,548**	**0**
Derivatives	28	1,975	0	18	2,083	0
Equity instruments	459	0	0	227	0	0
Debt securities	1,477	399	0	1,607	464	0
Non-trading financial assets - mandatorily fair value through profit/loss	**263**	**180**	**421**	**287**	**134**	**401**
Equity instruments	1	0	0	1	0	0
Debt securities	262	180	3	286	134	3
Loans and advances	0	0	418	0	0	398
Financial assets - designated fair value through profit/loss	**307**	**38**	**16**	**406**	**37**	**14**
Debt securities	307	38	16	406	37	14
Financial assets - fair value through other comprehensive income	**4,341**	**966**	**199**	**3,568**	**1,067**	**134**
Equity instruments	4	11	132	5	18	134
Debt securities	4,337	955	67	3,563	1,049	0
Hedge accounting	**0**	**396**	**0**	**0**	**403**	**0**

Liabilities in € million	31/3/2021 Level I	 Level II	 Level III	31/12/2020 Level I	 Level II	 Level III
Financial liabilities - held for trading	**323**	**5,304**	**0**	**495**	**5,485**	**0**
Derivatives	22	1,711	0	15	2,042	0
Short positions	301	11	0	481	21	0
Debt securities issued	0	3,581	0	0	3,422	0
Financial liabilities - designated fair value through profit/loss	**0**	**1,480**	**0**	**0**	**1,507**	**0**
Deposits	0	263	0	0	278	0
Debt securities issued	0	1,217	0	0	1,228	0
Hedge accounting	**0**	**354**	**0**	**0**	**397**	**0**

Movements between Level I and Level II

An examination is carried out for each financial instrument to determine whether quoted market prices are available on an active market. For financial instruments classified as Level I, the fair value valuation is based directly on quoted prices for identical financial instruments on active markets. A financial instrument is assigned to Level I only in the case of ongoing pricing based on transactions that take place with adequate frequency and adequate volumes.

If a market value is used and the market cannot be considered as an active market in view of its restricted liquidity, the underlying financial instrument is assigned to Level II. Financial instruments for which no market prices are available are measured by using market data such as yield curves, credit spreads and implicit volatilities as reproducible, observable market parameters.

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

As a result of an improvement in market depth, securities with a total volume of € 20 million were reclassified from Level II to Level I. This related mainly to securities of non-financial corporations (€ 8 million), securities of financial institutions (€ 10 million) as well as securities of central governments (€ 1 million).

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. The total portfolio of Level III assets grew € 87 million net in the reporting period. This was mainly driven by net growth in holdings of municipal bonds in the measurement category of financial assets - fair value through other comprehensive income in the amount of € 67 million. In addition, loans subject to mandatory fair value recognition posted net growth of € 20 million.

Assets in € million	As at 1/1/2021	Change in consolidated group	Exchange differences	Additions	Disposals
Financial assets - held for trading	0	0	0	6	(6)
Non-trading financial assets - mandatorily fair value through profit/loss	401	0	0	29	(11)
Financial assets - designated fair value through profit/loss	14	0	0	2	0
Financial assets - fair value through other comprehensive income	134	0	(1)	0	(1)
Total	**549**	**0**	**(1)**	**37**	**(18)**

Assets in € million	Gains/loss in P/L	Gain/loss in other comprehensive income	Transfer to Level III	Transfer from Level III	As at 31/3/2021
Financial assets - held for trading	0	0	0	0	0
Non-trading financial assets - mandatorily fair value through profit/loss	2	0	0	0	421
Financial assets - designated fair value through profit/loss	0	0	0	0	16
Financial assets - fair value through other comprehensive income	0	(1)	67	0	199
Total	**2**	**(1)**	**67**	**0**	**636**

Liabilities in € million	As at 1/1/2021	Change in consolidated group	Exchange differences	Additions	Disposals
Financial liabilities - held for trading	0	0	0	0	0
Total	**0**	**0**	**0**	**0**	**0**

Liabilities in € million	Gains/loss in P/L	Gain/loss in other comprehensive income	Transfer to Level III	Transfer from Level III	As at 31/3/2021
Financial liabilities - held for trading	0	0	0	0	0
Total	**0**	**0**	**0**	**0**	**0**

Qualitative information for the valuation of financial instruments in Level III

Assets 31/3/2021	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% - 2.05%
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	**421**			
Other interests	0	Simplified net present value method Expert opinion	-	-
Bonds, notes and other non fixed-interest securities	3	Net asset value Expert opinion	Haircuts Price	20 - 50%
Loans	418	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)	1.45% - 4.34% over all currencies (0.15)% -1.50% over all currencies 0.19% - 6.30% (depending on the rating: from AA to CCC)
Financial assets - designated fair value through profit/loss	**16**			
Fixed coupon bonds	16	Net asset value Expert opinion	Price	-
Financial assets - fair value through other comprehensive income	**199**			
Other interests	34	Dividend discount model Simplified income approach DCF method	Credit spread Cash flow Discount rate Dividends Beta factor	-
Other interests	45	Adjusted net asset value	Adjusted equity	-
Other interests	52	Market comparable companies Transaction price Valuation report (expert judgement) Cost minus impairment	EV/Sales EV/EBIT P/E P/B	-
Municipal bonds	67	DCF method	Discount spread	-
Total	**636**			

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

Liabilities 31/3/2021	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.

31/3/2021 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**	**40,398**	**0**	**40,398**	**40,398**	**0**
Financial assets - amortized cost	**12,332**	**1,433**	**107,033**	**120,798**	**119,600**	**1,199**
Debt securities	12,332	1,433	737	14,502	14,513	(11)
Loans and advances	0	0	106,296	106,296	105,086	1,210
Liabilities						
Financial liabilities - amortized cost	**0**	**8,907**	**141,753**	**150,660**	**151,307**	**(647)**
Deposits from banks and customers[1]	0	0	140,717	140,717	140,742	(25)
Debt securities issued	0	8,907	303	9,210	9,831	(621)
Other financial liabilities	0	0	733	733	733	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

31/12/2020 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**	**33,660**	**0**	**33,660**	**33,660**	**0**
Financial assets - amortized cost	**12,516**	**1,461**	**105,529**	**119,505**	**116,596**	**2,909**
Debt securities	12,516	1,461	669	14,646	14,371	275
Loans and advances	0	0	104,859	104,859	102,225	2,634
Liabilities						
Financial liabilities - amortized cost	**0**	**10,232**	**131,523**	**141,755**	**141,281**	**473**
Deposits from banks and customers[1]	0	0	130,685	130,685	130,501	184
Debt securities issued	0	10,232	403	10,636	10,346	289
Other financial liabilities	0	0	434	434	434	0

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

(33) Loan commitments, financial guarantees and other commitments

in € million	31/3/2021	31/12/2020
Loan commitments given	35,620	34,803
Financial guarantees given	7,239	7,228
Other commitments given	3,766	3,656
Total	**46,625**	**45,687**
Provisions for off-balance sheet items according to IFRS 9	(175)	(174)

(34) Credit quality analysis

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

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

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

31/3/2021 in € million	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	POCI Lifetime ECL	Total
Excellent	21,994	1,297	0	2	23,293
Strong	29,469	2,700	0	1	32,170
Good	31,589	5,314	0	5	36,908
Satisfactory	13,044	6,730	0	25	19,799
Substandard	956	2,801	0	9	3,766
Credit impaired	0	0	2,654	271	2,925
Not rated	3,052	291	24	4	3,371
Gross carrying amount	**100,104**	**19,134**	**2,678**	**317**	**122,232**
Accumulated impairment	(185)	(659)	(1,671)	(118)	(2,633)
Carrying amount	**99,919**	**18,474**	**1,007**	**199**	**119,600**

31/12/2020 in € million	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	POCI Lifetime ECL	Total
Excellent	21,357	1,308	0	3	22,667
Strong	22,822	3,346	0	1	26,170
Good	33,331	7,661	0	6	40,998
Satisfactory	14,091	6,549	0	23	20,663
Substandard	747	1,931	0	13	2,691
Credit impaired	0	0	2,582	273	2,856
Not rated	2,635	467	16	2	3,119
Gross carrying amount	**94,983**	**21,262**	**2,598**	**321**	**119,163**
Accumulated impairment	(185)	(629)	(1,633)	(119)	(2,567)
Carrying amount	**94,797**	**20,633**	**964**	**202**	**116,596**

The category not rated 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:

31/3/2021 in € million	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	POCI Lifetime ECL	Total
Excellent	1,765	0	0	0	1,765
Strong	3,081	0	0	0	3,081
Good	224	8	0	0	232
Satisfactory	229	34	0	0	263
Substandard	0	0	0	0	0
Credit impaired	0	0	0	0	0
Not rated	21	0	0	0	21
Gross carrying amount[1]	**5,320**	**43**	**0**	**0**	**5,363**
Accumulated impairment	(3)	(1)	0	0	(4)
Carrying amount	**5,317**	**42**	**0**	**0**	**5,359**

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

31/12/2020 in € million	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	POCI Lifetime ECL	Total
Excellent	1,315	0	0	0	1,315
Strong	2,776	0	0	0	2,776
Good	234	11	0	0	245
Satisfactory	223	35	0	0	259
Substandard	0	0	0	0	0
Credit impaired	0	0	0	0	0
Not rated	22	0	0	0	22
Gross carrying amount[1]	**4,570**	**46**	**0**	**0**	**4,616**
Accumulated impairment	(3)	(1)	0	0	(4)
Carrying amount	**4,567**	**45**	**0**	**0**	**4,612**

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:

31/3/2021 in € million	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Excellent	1,608	206	0	1,814
Strong	16,178	1,773	0	17,951
Good	16,023	2,650	0	18,673
Satisfactory	4,983	1,609	0	6,592
Substandard	271	377	0	648
Credit impaired	0	0	255	255
Not rated	571	121	1	693
Nominal amount	**39,633**	**6,736**	**256**	**46,625**
Provisions for off-balance sheet items according to IFRS 9	(45)	(63)	(68)	(175)
Nominal amount after provisions	**39,588**	**6,673**	**189**	**46,450**

31/12/2020 in € million	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Excellent	1,661	275	0	1,935
Strong	13,406	1,069	0	14,475
Good	17,333	3,762	0	21,094
Satisfactory	5,112	1,639	0	6,751
Substandard	205	317	0	521
Credit impaired	0	0	255	255
Not rated	531	122	0	654
Nominal amount	**38,248**	**7,183**	**255**	**45,687**
Provisions for off-balance sheet items according to IFRS 9	(45)	(59)	(71)	(174)
Nominal amount after provisions	**38,203**	**7,125**	**185**	**45,512**

The category not rated includes off-balance sheet commitments for households for which no ratings are available. The rating is therefore based on qualitative factors.

(35) Collateral and maximum exposure to credit risk

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

31/3/2021	Maximum exposure to credit risk		
in € million	Not subject to impairment standards	Subject to impairment standards	hereof loans and advances non-trading as well as loan commitments, financial guarantees and other commitments
Financial assets - amortized cost	0	122,232	107,703
Financial assets - fair value through other comprehensive income[1]	0	5,363	0
Non-trading financial assets - mandatorily fair value through profit/loss	864	0	418
Financial assets - designated fair value through profit/loss	361	0	0
Financial assets - held for trading	3,880	0	0
On-balance	**5,104**	**127,595**	**108,121**
Loan commitments, financial guarantees and other commitments	0	46,625	46,625
Total	**5,104**	**174,220**	**154,746**

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

31/12/2020	Maximum exposure to credit risk		
in € million	Not subject to impairment standards	Subject to impairment standards	hereof loans and advances non-trading as well as loan commitments, financial guarantees and other commitments
Financial assets - amortized cost	0	119,163	104,780
Financial assets - fair value through other comprehensive income[1]	0	4,616	0
Non-trading financial assets - mandatorily fair value through profit/loss	821	0	398
Financial assets - designated fair value through profit/loss	457	0	0
Financial assets - held for trading	4,173	0	0
On-balance	**5,451**	**123,779**	**105,178**
Loan commitments, financial guarantees and other commitments	0	45,687	45,687
Total	**5,451**	**169,466**	**150,865**

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 an 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. Collateral from the leasing business is also included in the following tables. Items shown in cash and cash equivalents are considered to have negligible credit risk. The Group directives regarding obtaining collateral were not significantly changed during the reporting period; however, they are updated on a yearly basis.

It should be noted that the collateral values shown in the tables are capped at the maximum value of the gross carrying amount of the financial asset. The following tables show non-trading loans and advances as well as loan commitments, financial guarantees and other commitments that are subject to impairment:

31/3/2021 in € million	Maximum exposure to credit risk	Fair value of collateral	Credit risk exposure net of collateral
Central banks	8,588	319	8,269
General governments	1,720	696	1,024
Banks	5,059	2,136	2,924
Other financial corporations	9,244	4,673	4,571
Non-financial corporations	47,563	20,432	27,131
Households	35,947	23,006	12,942
Commitments/guarantees issued	46,625	7,095	39,530
Total	**154,746**	**58,356**	**96,390**

31/12/2020 in € million	Maximum exposure to credit risk	Fair value of collateral	Credit risk exposure net of collateral
Central banks	6,762	318	6,444
General governments	2,118	703	1,416
Banks	5,194	2,545	2,649
Other financial corporations	9,311	4,836	4,475
Non-financial corporations	46,265	20,471	25,793
Households	35,528	22,695	12,833
Commitments/guarantees issued	45,687	6,805	38,882
Total	**150,865**	**58,373**	**92,492**

(36) Forward looking information

The most important macroeconomic assumptions for the key countries used in estimating expected credit losses at quarter-end are presented below (Source: Raiffeisen Research, February 2021).

		Real GDP			Unemployment		
		2021	2022	2023	2021	2022	2023
Bulgaria	Optimistic	4.8%	4.2%	3.7%	1.7%	2.6%	3.5%
	Base	3.0%	3.0%	2.7%	5.3%	5.0%	5.5%
	Pessimistic	(0.8)%	0.5%	0.6%	10.3%	8.3%	8.3%
Croatia	Optimistic	7.2%	4.4%	3.7%	4.4%	5.0%	5.0%
	Base	5.1%	3.0%	2.5%	7.0%	6.7%	6.5%
	Pessimistic	0.6%	0.0%	0.0%	10.6%	9.1%	8.5%
Austria	Optimistic	4.6%	3.2%	2.6%	4.8%	4.9%	5.2%
	Base	3.5%	2.5%	2.0%	5.3%	5.2%	5.5%
	Pessimistic	1.2%	1.0%	0.7%	6.0%	5.7%	5.9%
Poland	Optimistic	4.7%	5.1%	4.6%	2.7%	3.5%	3.2%
	Base	3.7%	4.4%	4.0%	6.4%	5.9%	5.2%
	Pessimistic	1.5%	2.9%	2.8%	11.5%	9.3%	8.0%
Russia	Optimistic	5.0%	3.1%	3.0%	3.8%	4.1%	3.9%
	Base	2.3%	1.3%	1.5%	5.1%	5.0%	4.6%
	Pessimistic	(2.0)%	(1.6)%	(0.9)%	7.9%	6.8%	6.1%
Romania	Optimistic	7.7%	6.2%	5.4%	4.3%	4.7%	4.3%
	Base	5.2%	4.5%	4.0%	5.3%	5.3%	4.9%
	Pessimistic	(0.1)%	0.9%	1.0%	7.3%	6.6%	6.0%
Slovakia	Optimistic	7.2%	4.9%	3.7%	3.8%	3.9%	3.6%
	Base	5.0%	3.5%	2.5%	7.1%	6.1%	5.4%
	Pessimistic	0.4%	0.4%	0.0%	11.6%	9.1%	8.0%
Czech Republic	Optimistic	4.3%	6.7%	3.8%	3.6%	3.7%	3.1%
	Base	2.5%	5.5%	2.8%	5.1%	4.7%	4.0%
	Pessimistic	(1.2)%	3.0%	0.7%	7.1%	6.1%	5.1%
Hungary	Optimistic	6.3%	6.8%	5.0%	2.4%	2.6%	2.5%
	Base	4.4%	5.6%	4.0%	4.4%	3.9%	3.6%
	Pessimistic	0.4%	3.0%	1.8%	7.2%	5.8%	5.1%

		Long-term bond rate			Real estate prices		
		2021	2022	2023	2021	2022	2023
Bulgaria	Optimistic	(0.3)%	0.4%	0.4%	12.7%	9.3%	8.3%
	Base	0.5%	0.9%	0.9%	4.0%	3.5%	3.5%
	Pessimistic	2.8%	2.5%	2.2%	(2.8)%	(1.0)%	(0.3)%
Croatia	Optimistic	(0.1)%	0.3%	0.4%	10.8%	6.1%	7.0%
	Base	0.7%	0.8%	0.8%	5.4%	2.5%	4.0%
	Pessimistic	2.7%	2.1%	1.9%	1.2%	(0.3)%	1.7%
Austria	Optimistic	(1.0)%	(0.5)%	(0.3)%	8.8%	5.4%	4.7%
	Base	(0.3)%	(0.1)%	0.2%	6.7%	4.0%	3.5%
	Pessimistic	1.2%	0.9%	1.0%	5.1%	2.9%	2.6%
Poland	Optimistic	0.7%	1.2%	1.5%	10.3%	5.4%	5.1%
	Base	1.4%	1.6%	1.9%	7.5%	3.5%	3.5%
	Pessimistic	3.2%	2.8%	2.9%	5.3%	2.0%	2.3%
Russia	Optimistic	5.2%	6.0%	6.3%	11.0%	7.7%	7.1%
	Base	6.3%	6.7%	7.0%	5.5%	4.0%	4.0%
	Pessimistic	9.3%	8.7%	8.6%	0.0%	0.3%	0.9%
Romania	Optimistic	1.3%	2.1%	2.8%	8.2%	6.3%	5.9%
	Base	2.9%	3.2%	3.7%	4.0%	3.5%	3.5%
	Pessimistic	4.2%	4.1%	4.5%	0.7%	1.3%	1.7%
Slovakia	Optimistic	(1.0)%	(0.6)%	(0.2)%	13.0%	9.9%	8.9%
	Base	(0.3)%	(0.1)%	0.2%	4.1%	4.0%	4.0%
	Pessimistic	1.8%	1.3%	1.3%	(2.8)%	(0.6)%	0.2%
Czech Republic	Optimistic	0.6%	1.2%	1.7%	10.0%	5.8%	5.5%
	Base	1.4%	1.8%	2.2%	6.5%	3.5%	3.5%
	Pessimistic	3.6%	3.2%	3.4%	3.8%	1.7%	2.0%
Hungary	Optimistic	1.2%	1.4%	2.5%	10.2%	5.8%	5.2%
	Base	2.1%	2.0%	3.0%	4.5%	2.0%	2.0%
	Pessimistic	4.7%	3.7%	4.5%	0.1%	(1.0)%	(0.5)%

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

Post-model adjustments

Post-model adjustments to expected credit loss allowance 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, post-model adjustments only constitute an interim solution at RBI. 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 dependent variables, the table below represents a best estimate of the post-model adjustments included in the stage 1 and stage 2 cumulative expected credit losses (on-balance and off-balance sheet items).

31/3/2021	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	1	4.0%	0	0.0%	1	4.0%	14
Banks	1	0	0.7%	0	0.0%	0	0.7%	1
Other financial corporations	61	0	0.0%	0	0.0%	0	0.0%	61
Non-financial corporations	258	235	91.2%	5	1.9%	240	93.0%	498
Households	323	45	14.0%	14	4.4%	59	18.4%	382
Total	**656**	**281**	**42.8%**	**19**	**2.9%**	**300**	**45.7%**	**956**

31/12/2020	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	10	2	16.6%	0	0.0%	2	16.6%	12
Banks	1	0	1.9%	0	0.0%	0	1.9%	1
Other financial corporations	46	0	0.0%	0	0.0%	0	0.0%	46
Non-financial corporations	209	203	97.1%	44	20.9%	246	118.1%	455
Households	334	56	16.8%	18	5.3%	74	22.0%	408
Total	**601**	**261**	**43.4%**	**61**	**10.2%**	**322**	**53.6%**	**922**

The COVID-19 pandemic necessitated post-model adjustments, as the ECL models do not fully capture the speed of the changes and the depth of the economic effects of the virus (e.g. the collapse in GDP in the second quarter of 2020 following the outbreak of the pandemic and the measures taken by governments to tackle it). COVID-19 related post-model adjustments reflected the collective impact on the sectors that were especially hard hit by the pandemic: tourism, hotels, further related industries as well as automobile, air travel, oil and gas, real estate and some consumer goods industries. The effects were due to demand shock, supply chain disruptions and crisis containment measures. The related post-model adjustments involve a qualitative assessment of exposures for the 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 (for SMEs) and employment industries (for households) and further refined, where relevant, with information related to the application of the specific moratorium measures. As the adjustments to the expected credit losses are temporary and designed to adequately reflect the current risk situation of customers, it will take some time before a complete picture of the impact of COVID-19 and subsequent measures on individual customers emerges.

The reduction in other post-model adjustments is attributable to the inclusion of Russian corporate risks to cover possible losses in connection with future sanctions (€ 44 million), which are now directly reflected in the modelled ECL. During the Trump administration Russian sanctions were temporary treated as post-model adjustments. Due to the fact that Russian sanctions are still discussed in Washington, RBI included the risk into the ECL model.

(37) Credit risk volume by stages

Gross carrying amount of financial assets - amortized cost by counterparties and stages:

	31/3/2021				31/12/2020			
in € million	Stage 1	Stage 2	Stage 3	POCI	Stage 1	Stage 2	Stage 3	POCI
Central banks	9,384	4	0	0	7,972	4	0	0
General governments	11,895	729	2	0	11,916	764	2	0
Banks	6,839	111	3	0	6,829	122	3	0
Other financial corporations	8,271	1,401	86	10	8,346	1,431	88	10
Non-financial corporations	36,660	9,527	1,474	173	33,576	11,196	1,469	175
Households	27,055	7,363	1,113	134	26,343	7,746	1,037	136
Total	**100,104**	**19,134**	**2,678**	**317**	**94,983**	**21,262**	**2,598**	**321**

Accumulated impairment of financial assets - amortized cost by counterparties and stages:

	31/3/2021				31/12/2020			
in € million	Stage 1	Stage 2	Stage 3	POCI	Stage 1	Stage 2	Stage 3	POCI
Central banks	0	0	0	0	0	0	0	0
General governments	(4)	(7)	(2)	0	(6)	(3)	(2)	0
Banks	(1)	0	(3)	0	(1)	0	(3)	0
Other financial corporations	(7)	(47)	(33)	(4)	(6)	(36)	(32)	(4)
Non-financial corporations	(87)	(325)	(877)	(73)	(88)	(282)	(871)	(74)
Households	(86)	(281)	(757)	(41)	(85)	(309)	(725)	(42)
Total	**(185)**	**(659)**	**(1,671)**	**(118)**	**(185)**	**(629)**	**(1,633)**	**(119)**

ECL coverage ratio of financial assets - amortized cost by counterparties and stages:

	31/3/2021				31/12/2020			
	Stage 1	Stage 2	Stage 3	POCI	Stage 1	Stage 2	Stage 3	POCI
Central banks	0.0%	0.0%	–	–	0.0%	0.0%	100.0%	–
General governments	0.0%	0.9%	97.8%	–	0.1%	0.4%	97.8%	0.0%
Banks	0.0%	0.1%	98.9%	–	0.0%	0.1%	98.8%	–
Other financial corporations	0.1%	3.3%	37.9%	45.4%	0.1%	2.5%	36.8%	41.8%
Non-financial corporations	0.2%	3.4%	59.5%	41.9%	0.3%	2.5%	59.3%	42.1%
Households	0.3%	3.8%	68.0%	30.3%	0.3%	4.0%	70.0%	30.6%
Total	**0.2%**	**3.4%**	**62.4%**	**37.1%**	**0.2%**	**3.0%**	**62.9%**	**37.2%**

Contingent liabilities and other off-balance sheet commitments by counterparties and stages:

31/3/2021	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	0.4%	–	–
General governments	415	3	0	0	0	0	0.0%	0.1%	–
Banks	2,295	84	0	0	0	0	0.0%	0.1%	–
Other financial corporations	5,215	171	14	(2)	(5)	(1)	0.0%	2.9%	8.0%
Non-financial corporations	27,764	5,408	229	(34)	(51)	(57)	0.1%	0.9%	24.8%
Households	3,944	1,070	13	(8)	(7)	(10)	0.2%	0.6%	74.8%
Total	**39,633**	**6,736**	**256**	**(45)**	**(63)**	**(68)**	**0.1%**	**0.9%**	**26.4%**

31/12/2020	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	0.1%	–	–
General governments	377	2	0	0	0	0	0.0%	0.3%	–
Banks	1,994	108	0	0	0	0	0.0%	0.0%	–
Other financial corporations	4,991	264	11	(2)	(3)	(1)	0.0%	1.1%	9.4%
Non-financial corporations	27,257	5,742	232	(36)	(49)	(60)	0.1%	0.8%	26.0%
Households	3,629	1,068	12	(7)	(7)	(9)	0.2%	0.7%	75.3%
Total	**38,248**	**7,183**	**255**	**(45)**	**(59)**	**(71)**	**0.1%**	**0.8%**	**27.7%**

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

31/3/2021	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	**(2,718)**	**2,718**	**(16)**	**95**	**0.6%**	**3.5%**
Central banks	0	0	0	0	–	–
General governments	(104)	104	(2)	6	2.3%	5.6%
Banks	(37)	37	0	0	0.0%	0.0%
Other financial corporations	(87)	87	0	1	0.4%	1.1%
Non-financial corporations	(1,200)	1,200	(7)	30	0.6%	2.5%
Households	(1,290)	1,290	(6)	59	0.5%	4.6%
Movement from lifetime ECL to 12-month ECL	**3,637**	**(3,637)**	**10**	**(62)**	**0.3%**	**1.7%**
Central banks	0	0	0	0	–	–
General governments	121	(121)	0	(1)	0.0%	0.8%
Banks	40	(40)	0	0	0.0%	0.2%
Other financial corporations	156	(156)	0	(1)	0.3%	0.9%
Non-financial corporations	2,033	(2,033)	4	(21)	0.2%	1.1%
Households	1,287	(1,287)	5	(38)	0.4%	3.0%

31/12/2020	Gross carrying amount		Impairment		ECL Coverage Ratio	
in € million	12-month ECL	Lifetime ECL	12-month ECL	Lifetime ECL	12-month ECL	Lifetime ECL
Movement from 12-month ECL to lifetime ECL	**(11,302)**	**11,302**	**(41)**	**508**	**0.4%**	**4.5%**
Central banks	0	0	0	0	–	–
General governments	(77)	77	0	0	0.1%	0.6%
Banks	(100)	100	0	0	0.0%	0.1%
Other financial corporations	(462)	462	(2)	24	0.5%	5.3%
Non-financial corporations	(6,551)	6,551	(22)	227	0.3%	3.5%
Households	(4,113)	4,113	(17)	255	0.4%	6.2%
Movement from lifetime ECL to 12-month ECL	**3,309**	**(3,309)**	**9**	**(69)**	**0.3%**	**2.1%**
Central banks	0	0	0	0	–	–
General governments	251	(251)	1	(2)	0.3%	0.8%
Banks	16	(16)	0	0	0.0%	0.0%
Other financial corporations	155	(155)	0	0	0.0%	0.3%
Non-financial corporations	1,322	(1,322)	3	(16)	0.2%	1.2%
Households	1,565	(1,565)	5	(51)	0.3%	3.2%

(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	POCI Lifetime ECL	Total
As at 1/1/2021	**188**	**630**	**1,633**	**119**	**2,572**
Increases due to origination and acquisition	25	18	13	0	56
Decreases due to derecognition	(9)	(18)	(36)	(5)	(68)
Changes due to change in credit risk (net)	(17)	30	93	4	109
Changes due to modifications without derecognition (net)	0	0	0	0	0
Decrease due to write-offs	0	0	(31)	(3)	(34)
Changes due to model/risk parameters	0	0	0	0	0
Change in consolidated group	0	0	0	0	0
Foreign exchange and other	1	0	(2)	2	2
As at 31/3/2021	**188**	**660**	**1,671**	**118**	**2,637**

in € million	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
As at 1/1/2020	**184**	**343**	**1,798**	**2,325**
Increases due to origination and acquisition	23	14	11	47
Decreases due to derecognition	(7)	(12)	(52)	(71)
Changes due to change in credit risk (net)	(18)	113	114	209
Changes due to modifications without derecognition (net)	0	0	1	1
Decrease due to write-offs	0	0	(26)	(27)
Changes due to model/risk parameters	0	2	(3)	(2)
Change in consolidated group	0	0	0	0
Foreign exchange and other	(8)	(15)	(59)	(83)
As at 31/3/2020	**173**	**444**	**1,783**	**2,400**

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 1/1/2021	**45**	**59**	**71**	**174**
Increases due to origination and acquisition	8	4	2	14
Decreases due to derecognition	(2)	(3)	(6)	(11)
Changes due to change in credit risk (net)	(7)	2	1	(4)
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	1	1	0	2
As at 31/3/2021	**45**	**63**	**68**	**175**

in € million	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
As at 1/1/2020	**44**	**30**	**87**	**161**
Increases due to origination and acquisition	9	3	2	14
Decreases due to derecognition	(3)	(1)	(12)	(17)
Changes due to change in credit risk (net)	(8)	19	(16)	(6)
Decrease due to write-offs	0	0	0	0
Changes due to model/risk parameters	0	0	0	0
Change in consolidated group	0	0	0	0
Foreign exchange and other	(4)	(1)	(3)	(8)
As at 31/3/2020	**37**	**49**	**58**	**144**

Impairments and provisions by asset classes:

31/3/2021 in € million	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	POCI Lifetime ECL	Total
Loans and debt securities	**188**	**660**	**1,671**	**118**	**2,636**
General governments	7	7	2	0	16
Banks	1	0	3	0	4
Other financial corporations	7	47	33	4	90
Non-financial corporations	87	326	877	73	1,363
Households	86	281	757	41	1,164
Cash, cash balances at central banks and other demand deposits	**0**	**0**	**0**	**0**	**0**
Loan commitments, financial guarantees and other commitments given	**45**	**63**	**68**	**0**	**175**
Total	**233**	**723**	**1,738**	**118**	**2,812**

31/12/2020 in € million	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	POCI Lifetime ECL	Total
Loans and debt securities	**188**	**630**	**1,633**	**119**	**2,572**
Central banks	0	0	0	0	0
General governments	9	3	2	0	14
Banks	1	0	3	0	4
Other financial corporations	6	36	32	4	77
Non-financial corporations	88	283	871	74	1,316
Households	85	309	725	42	1,161
Cash, cash balances at central banks and other demand deposits	**0**	**0**	**0**	**0**	**0**
Loan commitments, financial guarantees and other commitments given	**45**	**59**	**71**	**0**	**174**
Total	**233**	**689**	**1,704**	**119**	**2,746**

(39) 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 development of the net modification effect is mainly due to the phasing out of COVID-19 measures in countries in which RBI operates. Because interest unpaid due to payment moritoriums permitted under the legislative measures is not allowed to result in compound interest, the gross carrying amount of the affected loans has been reduced from the end of March 2020, which led to net modification losses.

The share of modification losses relating to COVID-19 measures in the year 2020 amounted to minus € 29 million. In contrast, modification losses stemming from COVID-19 measures in the first quarter of 2021 totaled less than minus € 1 million.

31/3/2021 in € million	Stage 1	Stage 2	Stage 3	POCI	Total
Net modifications gains/losses of financial assets	2	0	0	0	2
Amortized cost before the modification of financial assets	1,027	405	143	5	1,581
Gross carrying amount of modified assets as of 31/12, which moved to Stage 1 during the year	–	3	0	0	3

31/12/2020 in € million	Stage 1	Stage 2	Stage 3	POCI	Total
Net modifications gains/losses of financial assets	(26)	(13)	(2)	0	(41)
Amortized cost before the modification of financial assets	4,144	2,194	277	56	6,670
Gross carrying amount of modified assets as of 31/12, which moved to Stage 1 during the year	–	25	0	0	25

(40) Transferred assets

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

31/3/2021	Transferred assets			Associated liabilities		
in € million	Carrying amount	hereof securitizations	hereof repurchase agreements	Carrying amount	hereof securitizations	hereof repurchase agreements
Financial assets - held for trading	6	0	6	6	0	6
Non-trading financial assets - mandatorily fair value through profit/loss	0	0	0	0	0	0
Financial assets - designated fair value through profit/loss	10	0	10	10	0	10
Financial assets - fair value through other comprehensive income	251	0	251	248	0	248
Financial assets - amortized cost	2,340	0	2,340	2,335	0	2,335
Total	**2,607**	**0**	**2,607**	**2,600**	**0**	**2,600**

31/12/2020	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	8	0	8	8	0	8
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	155	0	155	153	0	153
Financial assets - amortized cost	126	0	126	122	0	122
Total	**289**	**0**	**289**	**283**	**0**	**283**

(41) Assets pledged as collateral and received financial assets

Significant restrictions regarding the access or use of assets:

in € million	31/3/2021 Pledged	31/3/2021 Otherwise restricted with liabilities	31/12/2020 Pledged	31/12/2020 Otherwise restricted with liabilities
Financial assets - held for trading	82	0	54	0
Non-trading financial assets - mandatorily fair value through profit/loss	16	0	16	0
Financial assets - designated fair value through profit/loss	40	0	47	0
Financial assets - fair value through other comprehensive income	685	2	436	3
Financial assets - amortized cost	18,028	669	13,976	855
Total	**18,853**	**671**	**14,528**	**858**

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

Securities and other financial assets accepted as collateral:

in € million	31/3/2021	31/12/2020
Securities and other financial assets accepted as collateral which can be sold or repledged	14,268	14,310
hereof which have been sold or repledged	2,539	2,086

(42) 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.

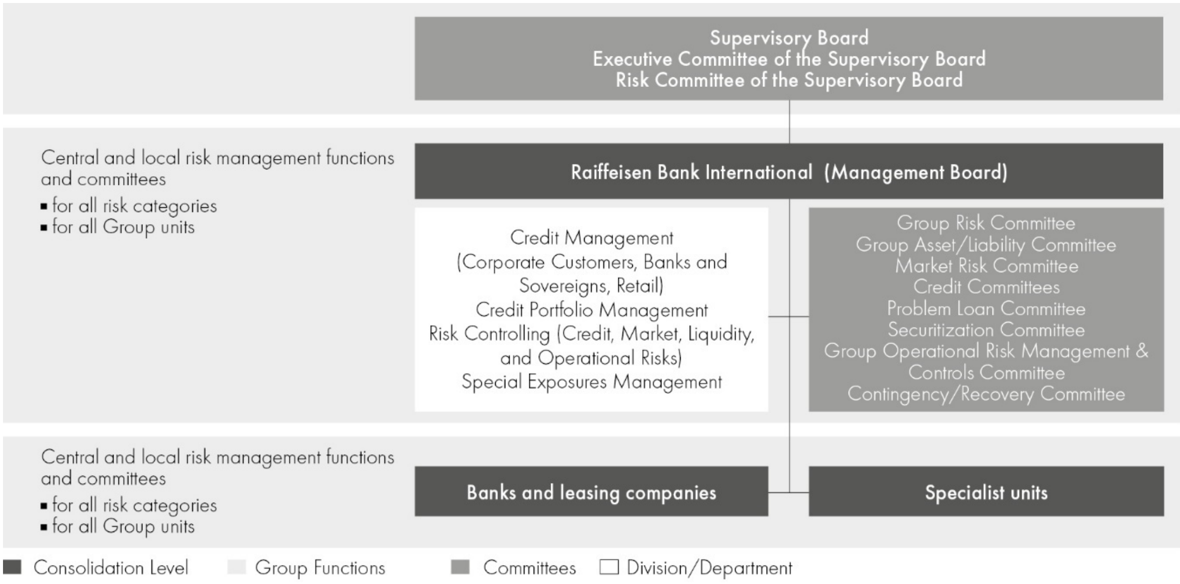
31/3/2021	Nominal amount	Fair value	
in € million		Assets	Liabilities
Trading book	**167,593**	**1,731**	**(1,573)**
Interest rate contracts	115,690	949	(848)
Equity contracts	5,063	208	(167)
Foreign exchange rate and gold contracts	44,481	556	(495)
Credit contracts	1,209	13	(14)
Commodities	83	3	(2)
Other	1,067	1	(47)
Banking book	**17,433**	**272**	**(161)**
Interest rate contracts	12,576	233	(127)
Foreign exchange rate and gold contracts	4,476	38	(24)
Credit contracts	380	1	(9)
Hedging instruments	**35,625**	**396**	**(354)**
Interest rate contracts	33,913	393	(324)
Foreign exchange rate and gold contracts	1,711	2	(29)
Total	**220,650**	**2,398**	**(2,087)**
OTC products	215,788	2,334	(1,992)
Products traded on stock exchange	2,124	46	(22)

31/12/2020	Nominal amount	Fair value	
in € million		Assets	Liabilities
Trading book	**165,077**	**1,845**	**(1,912)**
Interest rate contracts	115,381	1,117	(1,006)
Equity contracts	4,152	134	(227)
Foreign exchange rate and gold contracts	43,486	580	(589)
Credit contracts	793	10	(9)
Commodities	91	3	0
Other	1,174	0	(80)
Banking book	**21,995**	**257**	**(145)**
Interest rate contracts	16,023	225	(122)
Foreign exchange rate and gold contracts	5,591	31	(14)
Credit contracts	380	1	(9)
Hedging instruments	**37,410**	**403**	**(397)**
Interest rate contracts	35,675	362	(388)
Foreign exchange rate and gold contracts	1,735	41	(9)
Total	**224,481**	**2,505**	**(2,454)**
OTC products	220,432	2,462	(2,340)
Products traded on stock exchange	1,610	29	(16)

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 2020 Annual Report, pages 196 ff.



Economic perspective – economic capital approach

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

Risk contribution of individual risk types to economic capital:

in € million	31/3/2021	Share	31/12/2020	Share
Credit risk corporate customers	1,881	30.5%	1,807	29.5%
Credit risk retail customers	1,269	20.6%	1,315	21.5%
Participation risk	662	10.7%	737	12.1%
Market risk	585	9.5%	557	9.1%
Operational risk	454	7.4%	423	6.9%
Credit risk sovereigns	284	4.6%	276	4.5%
FX risk capital position	245	4.0%	261	4.3%
Owned property risk	281	4.6%	260	4.2%
Credit risk banks	196	3.2%	169	2.8%
CVA risk	21	0.3%	21	0.3%
Liquidity risk	1	0.0%	0	0.0%
Risk buffer	294	4.8%	291	4.8%
Total	**6,172**	**100.0%**	**6,117**	**100.0%**

Regional allocation of economic capital according to Group unit domicile:

in € million	31/3/2021	Share	31/12/2020	Share
Austria	2,281	37.0%	2,452	40.1%
Southeastern Europe	1,452	23.5%	1,357	22.2%
Central Europe	1,451	23.5%	1,237	20.2%
Eastern Europe	988	16.0%	1,070	17.5%
Rest of World	0	0.0%	0	0.0%
Total	**6,172**	**100.0%**	**6,117**	**100.0%**

As at 31 March 2021, both the volume and the composition of the economic capital remained largely stable compared to the previous quarter. The Group uses a confidence level of 99.90 per cent to calculate economic capital. Since year-end 2020, the macroeconomic risk has been deducted directly from the internal capital.

(43) Credit risk

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

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

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

in € million	31/3/2021	31/12/2020
Cash, cash balances at central banks and other demand deposits	34,867	27,986
Financial assets - amortized cost	122,232	119,163
Financial assets - fair value through other comprehensive income	5,363	4,616
Non-trading financial assets - mandatorily at fair value through profit / loss	864	822
Financial assets - designated fair value through profit/loss	361	457
Financial assets - held for trading	3,880	4,173
Hedge accounting	417	563
Current tax assets	72	87
Deferred tax assets	102	121
Other assets	924	866
Loan commitments given	35,620	34,803
Financial guarantees given	7,239	7,228
Other commitments given	3,766	3,656
Disclosure differences	(1,819)	(1,815)
Credit exposure[1]	**213,887**	**202,727**

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	31/3/2021	31/12/2020
Corporate customers	83,289	81,650
Project finance	7,056	7,339
Retail customers	42,423	41,659
Banks	24,475	23,339
Sovereigns	56,644	48,739
Total	**213,887**	**202,727**

RBI has implemented the corresponding regulatory requirements regarding moratoriums in the context of retail customers (private individuals, small and medium-sized entities). The behavior components of the rating systems were adjusted accordingly for the duration of the moratoriums in order to limit unjustified effects from the public moratoriums (e.g. in some cases default day counters or arrears were set to 0 by the moratoriums if no payments were expected for the duration of the moratoriums). For non-retail customers, rating downgrades were carried out in all cases where necessary from an economic and financial perspective. At the peak, € 10,658 million of loans were subject to a moratorium. While moratoriums in some countries had already expired, there was still a volume of almost € 1,037 million as at 31 March 2021, mostly in Hungary where the moratorium was extended to the middle of 2021. Of the € 1,037 million, € 515 million relates to non-financial corporations and € 520 million to households.

Credit portfolio – Corporate customers

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

in € million		31/3/2021	Share	31/12/2020	Share
1	Minimal risk	4,431	5.3%	4,946	6.1%
2	Excellent credit standing	6,864	8.2%	7,037	8.6%
3	Very good credit standing	18,317	22.0%	16,792	20.6%
4	Good credit standing	19,156	23.0%	18,603	22.8%
5	Sound credit standing	15,389	18.5%	15,884	19.5%
6	Acceptable credit standing	11,006	13.2%	11,314	13.9%
7	Marginal credit standing	4,213	5.1%	4,091	5.0%
8	Weak credit standing/sub-standard	2,003	2.4%	1,167	1.4%
9	Very weak credit standing/doubtful	246	0.3%	240	0.3%
10	Default	1,401	1.7%	1,383	1.7%
NR	Not rated	264	0.3%	195	0.2%
Total		**83,289**	**100.0%**	**81,650**	**100.0%**

The increase in the credit exposure resulted mainly from credit and facility financing. Rating grade 3 recorded the largest increase, primarily due to Austria, Russia, Germany and the Benelux countries. In Russia, the development of the Russian ruble also had a positive effect. Rating grade 8 also reported an increase, primarily due to rating downgrades of Belarusian customers. In addition, documentary credits increased in Bosnia and Herzegovina as well as in Great Britain, and facility financing increased in France, Poland and Singapore, offset by a decline in Luxembourg. This was partly offset by declining swap transactions in Great Britain in rating grade 1.

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

in € million		31/3/2021	Share	31/12/2020	Share
6.1	Excellent project risk profile – very low risk	4,256	60.3%	4,536	61.8%
6.2	Good project risk profile – low risk	2,130	30.2%	2,294	31.3%
6.3	Acceptable project risk profile – average risk	376	5.3%	178	2.4%
6.4	Poor project risk profile – high risk	10	0.1%	11	0.1%
6.5	Default	284	4.0%	314	4.3%
NR	Not rated	0	0.0%	6	0.1%
Total		**7,056**	**100.0%**	**7,339**	**100.0%**

Credit exposure to project finance declined in rating grade 6.1 as a result of rating shifts to rating grade 6.2 of Hungarian and Slovakian customers. A reduction in credit financing in Austria also contributed to this decline. There were also rating shifts from rating grade 6.2 to rating grade 6.1 in Russia and Poland, and from rating grade 6.2 to rating grade 6.3 in Hungary.

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

in € million	31/3/2021	Share	31/12/2020	Share
Western Europe	22,777	25.2%	22,294	25.1%
Central Europe	19,903	22.0%	19,764	22.2%
Austria	18,111	20.0%	17,873	20.1%
Eastern Europe	13,935	15.4%	13,160	14.8%
Southeastern Europe	12,766	14.1%	12,978	14.6%
Asia	1,464	1.6%	1,360	1.5%
Other	1,389	1.5%	1,559	1.8%
Total	**90,345**	**100.0%**	**88,990**	**100.0%**

The distribution of credit exposure by country of risk remained largely stable. The increase in Western Europe was caused by an increase in exposure in Luxembourg, France and Germany, offset by a decline in Great Britain. Eastern Europe recorded an increase in credit and facility financing and in guarantees issued in Russia (partly currency-related).

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

in € million	31/3/2021	Share	31/12/2020	Share
Manufacturing	22,874	25.3%	22,039	24.8%
Wholesale and retail trade	20,649	22.9%	19,879	22.3%
Real estate	11,060	12.2%	10,891	12.2%
Financial intermediation	9,017	10.0%	9,534	10.7%
Construction	5,453	6.0%	5,549	6.2%
Transport, storage and communication	3,696	4.1%	3,710	4.2%
Electricity, gas, steam and hot water supply	3,318	3.7%	3,635	4.1%
Freelance/technical services	2,111	2.3%	2,023	2.3%
Other industries	12,167	13.5%	11,730	13.2%
Total	**90,345**	**100.0%**	**88,990**	**100.0%**

Credit portfolio – Retail customers

Retail customers are subdivided into private individuals and small and medium-sized entities (SMEs). For retail customers a two-fold scoring system is used, consisting of the initial and ad-hoc scoring based on customer data and of the behavioral scoring based on account data.

in € million	31/3/2021	Share	31/12/2020	Share
Retail customers – private individuals	39,288	92.6%	38,583	92.6%
Retail customers – small and medium-sized entities	3,135	7.4%	3,077	7.4%
Total	**42,423**	**100.0%**	**41,659**	**100.0%**

Credit exposure to retail customers according to internal rating:

in € million		31/3/2021	Share	31/12/2020	Share
0.5	Minimal risk	12,619	29.7%	12,369	29.7%
1.0	Excellent credit standing	6,574	15.5%	6,855	16.5%
1.5	Very good credit standing	6,109	14.4%	5,898	14.2%
2.0	Good credit standing	5,106	12.0%	4,817	11.6%
2.5	Sound credit standing	3,669	8.6%	3,571	8.6%
3.0	Acceptable credit standing	1,868	4.4%	1,840	4.4%
3.5	Marginal credit standing	893	2.1%	893	2.1%
4.0	Weak credit standing/sub-standard	463	1.1%	436	1.0%
4.5	Very weak credit standing/doubtful	482	1.1%	470	1.1%
5.0	Default	1,437	3.4%	1,351	3.2%
NR	Not rated	3,204	7.6%	3,157	7.6%
Total		**42,423**	**100.0%**	**41,659**	**100.0%**

Compared to 31 December 2020, rating shifts were recorded within rating grades 1 to 3 primarily in Romania in the private individuals segment.

Credit exposure to retail customers by segments:

31/3/2021 in € million	Central Europe	Southeastern Europe	Eastern Europe	Group Corporates & Markets
Retail customers – private individuals	18,363	10,144	4,838	5,943
Retail customers – small and medium-sized entities	1,725	953	455	2
Total	**20,088**	**11,097**	**5,292**	**5,945**
hereof non-performing exposure	616	482	227	28

31/12/2020 in € million	Central Europe	Southeastern Europe	Eastern Europe	Group Corporates & Markets
Retail customers – private individuals	18,209	10,027	4,595	5,752
Retail customers – small and medium-sized entities	1,706	939	430	2
Total	**19,915**	**10,966**	**5,025**	**5,753**
hereof non-performing exposure	567	472	205	40

Breakdown of retail credit exposure by products:

in € million	31/3/2021	Share	31/12/2020	Share
Mortgage loans	25,694	60.6%	25,164	60.4%
Personal loans	8,963	21.1%	8,704	20.9%
Credit cards	3,335	7.9%	3,261	7.8%
SME financing	2,400	1.2%	2,518	6.0%
Overdraft	1,532	3.6%	1,526	3.7%
Car loans	498	5.7%	487	1.2%
Total	**42,423**	**100.0%**	**41,659**	**100.0%**

The credit exposure to retail customers increased 2 per cent in the first quarter of 2021, mainly due to an increase in mortgage loans in Austria, the Czech Republic and Slovakia. In addition, personal loans also increased in Russia (partly currency-related) and in Hungary.

Credit portfolio – Banks

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

in € million		31/3/2021	Share	31/12/2020	Share
1	Minimal risk	3,745	15.3%	3,439	14.7%
2	Excellent credit standing	3,942	16.1%	3,076	13.2%
3	Very good credit standing	7,990	32.6%	7,692	33.0%
4	Good credit standing	5,360	21.9%	6,140	26.3%
5	Sound credit standing	2,960	12.1%	2,541	10.9%
6	Acceptable credit standing	357	1.5%	292	1.3%
7	Marginal credit standing	86	0.4%	139	0.6%
8	Weak credit standing/sub-standard	30	0.1%	12	0.1%
9	Very weak credit standing/doubtful	2	0.0%	1	0.0%
10	Default	4	0.0%	4	0.0%
NR	Not rated	0	0.0%	1	0.0%
Total		**24,475**	**100.0%**	**23,339**	**100.0%**

The increase in the credit exposure to banks in rating grade 2 was primarily due to repo transactions in Germany and Russia (partly currency-related) and to money market transactions in Austria, and in rating grade 5 to repo transactions in France and Italy. This was offset by a decline in rating grade 4 due to reduced repo transactions in Great Britain, Germany and Spain despite an increase in repo transactions in France.

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

in € million	31/3/2021	Share	31/12/2020	Share
Repo	8,732	35.7%	8,625	37.0%
Loans and advances	5,263	21.5%	4,942	21.2%
Bonds	3,985	16.3%	3,914	16.8%
Money market	2,644	10.8%	1,865	8.0%
Derivatives	2,409	9.8%	2,631	11.3%
Other	1,442	5.9%	1,361	5.8%
Total	**24,475**	**100.0%**	**23,339**	**100.0%**

In addition to loans and advances, which increased due to deposits of banks in Luxembourg, the USA and Kazakhstan, there was also an increase in money market transactions in Austria, Belgium and Russia, and in repo transactions in France.

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 governments.

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

in € million		31/3/2021	Share	31/12/2020	Share
A1	Excellent credit standing	1,147	2.0%	1,146	2.4%
A2	Very good credit standing	24,178	42.7%	20,405	41.9%
A3	Good credit standing	14,573	25.7%	10,528	21.6%
B1	Sound credit standing	396	0.7%	757	1.6%
B2	Average credit standing	11,109	19.6%	10,344	21.2%
B3	Mediocre credit standing	2,917	5.1%	3,088	6.3%
B4	Weak credit standing	666	1.2%	662	1.4%
B5	Very weak credit standing	1,443	2.5%	1,806	3.7%
C	Doubtful/high default risk	212	0.4%	1	0.0%
D	Default	2	0.0%	2	0.0%
NR	Not rated	1	0.0%	2	0.0%
Total		**56,644**	**100.0%**	**48,739**	**100.0%**

The increase in the credit exposure to sovereigns was mainly due to deposits at the Austrian National Bank (rating grade A2), to deposits at the National Bank of Slovakia (rating grade A3) and to the increase in repo transactions in the Czech Republic (rating grade A3). Belarus rating went down from rating grade B5 to rating grade C.

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

in € million	31/3/2021	Share	31/12/2020	Share
Loans and advances	29,838	52.7%	24,187	49.6%
Bonds	17,560	31.0%	16,809	34.5%
Repo	5,523	9.8%	4,207	8.6%
Money market	3,607	6.4%	3,423	7.0%
Derivatives	50	0.1%	42	0.1%
Other	66	0.1%	71	0.1%
Total	**56,644**	**100.0%**	**48,739**	**100.0%**

Loans and advances were the main driver for the increase in the credit exposure to sovereigns, primarily as a result of deposits at the Austrian National Bank and the National Bank of Slovakia. Bonds in the USA, Romania and France also increased, offset by a decline in Slovakia and Russia, as well as repo transactions in the Czech Republic.

Non-investment grade credit exposure to sovereigns (rating B4 and below):

in € million	31/3/2021	Share	31/12/2020	Share
Ukraine	980	42.2%	1,073	43.4%
Albania	641	27.6%	635	25.7%
Bosnia and Herzegovina	415	17.9%	460	18.6%
Belarus	208	9.0%	207	8.4%
Other	80	3.4%	98	4.0%
Total	**2,324**	**100.0%**	**2,472**	**100.0%**

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. According to EBA/GL/2020/02, any moratorium granted to accounts after 30 September 2020, must be assessed against an additional eligibility criterion – overall duration of the granted moratorium period. If the combined period is longer than nine months, the standard forbearance and default logic must be applied.

Non-performing exposure pursuant to the applicable definition contained in the Implementing Technical Standard (ITS) on Supervisory Reporting (Forbearance and non-performing exposures) issued by EBA:

	NPE		NPE ratio		NPE coverage ratio	
in € million	31/3/2021	31/12/2020	31/3/2021	31/12/2020	31/3/2021	31/12/2020
General governments	2	2	0.1%	0.1%	90.7%	91.6%
Banks	4	4	0.0%	0.0%	77.1%	76.7%
Other financial corporations	93	95	0.9%	0.8%	40.0%	38.1%
Non-financial corporations	1,643	1,627	3.6%	3.7%	57.7%	58.1%
Households	1,170	1,112	3.3%	3.1%	68.1%	69.0%
Loans and advances	**2,913**	**2,840**	**2.0%**	**2.1%**	**61.4%**	**61.7%**
Bonds	**11**	**11**	**0.1%**	**0.1%**	**–**	**–**
Total	**2,924**	**2,851**	**1.8%**	**1.9%**	**61.2%**	**61.5%**

In the first quarter, the volume of the non-performing exposure increased € 73 million to € 2,924 million. The organic increase was € 52 million, with the general currency trend resulting in a € 21 million increase, particularly caused by the appreciation of the Russian ruble and the US dollar. The NPE ratio in relation to the total exposure sank 0.1 percentage points to 1.8 per cent, mainly positively influenced by an increase in deposits at central banks, while the NPE coverage ratio reduced 0.3 percentage points to 61.2 per cent.

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

in € million	As at 1/1/2021	Change in consolidated group	Exchange rate	Additions	Disposals	As at 31/3/2021
General governments	2	0	0	0	0	2
Banks	4	0	0	0	0	4
Other financial corporations	95	0	1	1	(4)	93
Non-financial corporations	1,627	0	16	93	(93)	1,643
Households	1,112	0	4	205	(150)	1,170
Loans and advances (NPL)	**2,840**	**0**	**21**	**299**	**(248)**	**2,913**
Bonds	**11**	**0**	**0**	**0**	**0**	**11**
Total (NPE)	**2,851**	**0**	**21**	**300**	**(248)**	**2,924**

in € million	As at 1/1/2020	Change in consolidated group	Exchange rate	Additions	Disposals	As at 31/12/2020
General governments	2	0	0	2	(2)	2
Banks	4	0	0	0	0	4
Other financial corporations	56	0	(2)	46	(5)	95
Non-financial corporations	1,734	(3)	(64)	639	(678)	1,627
Households	1,141	0	(67)	467	(429)	1,112
Loans and advances (NPL)	**2,938**	**(3)**	**(133)**	**1,153**	**(1,115)**	**2,840**
Bonds	**11**	**0**	**0**	**0**	**(1)**	**11**
Total (NPE)	**2,949**	**(3)**	**(133)**	**1,154**	**(1,116)**	**2,851**

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

	NPE		NPE ratio		NPE coverage ratio	
in € million	**31/3/2021**	**31/12/2020**	**31/3/2021**	**31/12/2020**	**31/3/2021**	**31/12/2020**
Central Europe	899	858	1.8%	1.9%	61.4%	63.1%
Southeastern Europe	775	769	2.7%	2.8%	68.2%	70.8%
Eastern Europe	425	399	2.2%	2.1%	60.2%	57.0%
Group Corporates & Markets	824	821	1.7%	1.7%	54.8%	53.4%
Corporate Center	1	3	0.0%	0.0%	100.0%	21.4%
Total	**2,924**	**2,851**	**1.8%**	**1.9%**	**61.2%**	**61.5%**

At € 41 million, Central Europe was mainly responsible for the increase in the non-performing exposure to € 899 million, predominantly accounted for by Hungary (€ 23 million) and the Czech Republic (€ 17 million), both in households. In contrast, the NPE ratio in relation to the total exposure fell slightly by 0.1 percentage points to 1.8 per cent, and the NPE coverage ratio declined 1.7 percentage points to 61.4 per cent.

The Eastern Europe segment also reported a € 26 million increase in the non-performing exposure to € 425 million, mainly due to the € 20 million increase in Russia in households. The NPE ratio in relation to the total exposure remained almost unchanged compared to the year-end at 2.2 per cent, while the NPE coverage ratio increased 3.3 percentage points to 60.2 per cent.

Southeastern Europe reported a slight € 7 million increase in the non-performing exposure to € 775 million, the NPE ratio amounted to 2.7 per cent in the first quarter and the NPE coverage ratio 68.2 per cent.

In the first quarter, the non-performing exposure in the Group Corporates & Markets segment was largely unchanged at € 824 million, the NPE ratio amounted to 1.7 per cent and the NPE coverage ratio 54.8 per cent.

Non-performing exposure with restructuring measures:

	Refinancing		Instruments with modified time and modified conditions		Total	
in € million	31/3/2021	31/12/2020	31/3/2021	31/12/2020	31/3/2021	31/12/2020
General governments	0	0	2	2	2	2
Banks	0	0	0	0	0	0
Other financial corporations	0	0	56	40	56	40
Non-financial corporations	95	55	806	782	901	838
Households	8	8	314	276	322	284
Total	**103**	**64**	**1,178**	**1,099**	**1,281**	**1,163**

Non-performing exposure with restructuring measures by segments:

in € million	31/3/2021	Share	31/12/2020	Share
Central Europe	294	23.0%	229	19.7%
Southeastern Europe	270	21.1%	266	22.9%
Eastern Europe	195	15.2%	156	13.4%
Group Corporates & Markets	522	40.7%	512	44.0%
Total	**1,281**	**100.0%**	**1,163**	**100.0%**

Concentration risk

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

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

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

in € million	31/3/2021	Share	31/12/2020	Share
Central Europe	**59,192**	**27.7%**	**54,122**	**26.7%**
Czech Republic	23,882	11.2%	22,382	11.0%
Slovakia	20,645	9.7%	18,069	8.9%
Hungary	9,595	4.5%	8,825	4.4%
Poland	4,582	2.1%	4,435	2.2%
Other	488	0.2%	411	0.2%
Austria	**50,430**	**23.6%**	**46,696**	**23.0%**
Other European Union	**30,499**	**14.3%**	**28,128**	**13.9%**
Germany	11,643	5.4%	10,968	5.4%
France	7,318	3.4%	5,902	2.9%
Spain	2,088	1.0%	2,491	1.2%
Luxembourg	2,217	1.0%	1,791	0.9%
Netherlands	1,595	0.7%	1,554	0.8%
Italy	1,360	0.6%	1,310	0.6%
Other	4,279	2.0%	4,111	2.0%
Southeastern Europe	**32,214**	**15.1%**	**32,972**	**16.3%**
Romania	12,253	5.7%	12,873	6.3%
Croatia	5,657	2.6%	5,749	2.8%
Bulgaria	5,628	2.6%	5,552	2.7%
Serbia	3,817	1.8%	3,876	1.9%
Bosnia and Herzegovina	2,251	1.1%	2,312	1.1%
Albania	1,626	0.8%	1,607	0.8%
Other	983	0.5%	1,003	0.5%
Eastern Europe	**24,650**	**11.5%**	**23,294**	**11.5%**
Russia	19,239	9.0%	18,092	8.9%
Ukraine	3,344	1.6%	3,165	1.6%
Belarus	1,784	0.8%	1,781	0.9%
Other	283	0.1%	257	0.1%
Great Britain	**6,615**	**3.1%**	**8,063**	**4.0%**
Switzerland	**2,762**	**1.3%**	**2,611**	**1.3%**
Asia	**2,181**	**1.0%**	**2,327**	**1.1%**
North America	**2,853**	**1.3%**	**2,278**	**1.1%**
Rest of World	**2,491**	**1.2%**	**2,236**	**1.1%**
Total	**213,887**	**100.0%**	**202,727**	**100.0%**

The largest increase was reported in Central Europe and was mainly due to higher deposits at the National Bank of Slovakia and at the Czech National Bank, and to increased Czech government bonds. In Austria, the credit exposure increased mainly due to higher deposits at the Austrian National Bank and to bonds and mortgage loans. In France, the increase was caused by repo business and bonds. Reduced repo business led to a reduction in the credit exposure in Great Britain. Russia reported an increase – also currency-related – in credit and facility financing and in money market and repo transactions. Mortgage loans and personal loans also increased. The rise in North America was attributable to an increase in the bond portfolio in the USA.

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

in € million	31/3/2021	Share	31/12/2020	Share
Banking and insurance	68,690	32.1%	60,676	29.9%
Private households	39,404	18.4%	38,702	19.1%
Public administration and defense and social insurance institutions	17,981	8.4%	17,561	8.7%
Other manufacturing	17,699	8.3%	17,017	8.4%
Wholesale trade and commission trade (except car trading)	15,025	7.0%	14,255	7.0%
Real estate activities	11,213	5.2%	11,065	5.5%
Construction	5,885	2.8%	5,980	2.9%
Retail trade except repair of motor vehicles	5,640	2.6%	5,560	2.7%
Electricity, gas, steam and hot water supply	3,390	1.6%	3,736	1.8%
Manufacture of basic metals	2,567	1.2%	2,435	1.2%
Other business activities	2,420	1.1%	2,334	1.2%
Manufacture of food products and beverages	2,358	1.1%	2,261	1.1%
Land transport, transport via pipelines	2,244	1.0%	2,254	1.1%
Other transport	1,941	0.9%	1,914	0.9%
Manufacture of machinery and equipment	1,750	0.8%	1,735	0.9%
Sale of motor vehicles	1,199	0.6%	1,210	0.6%
Extraction of crude petroleum and natural gas	1,071	0.5%	1,057	0.5%
Other industries	13,408	6.3%	12,975	6.4%
Total	**213,887**	**100.0%**	**202,727**	**100.0%**

(44) Market risk

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

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

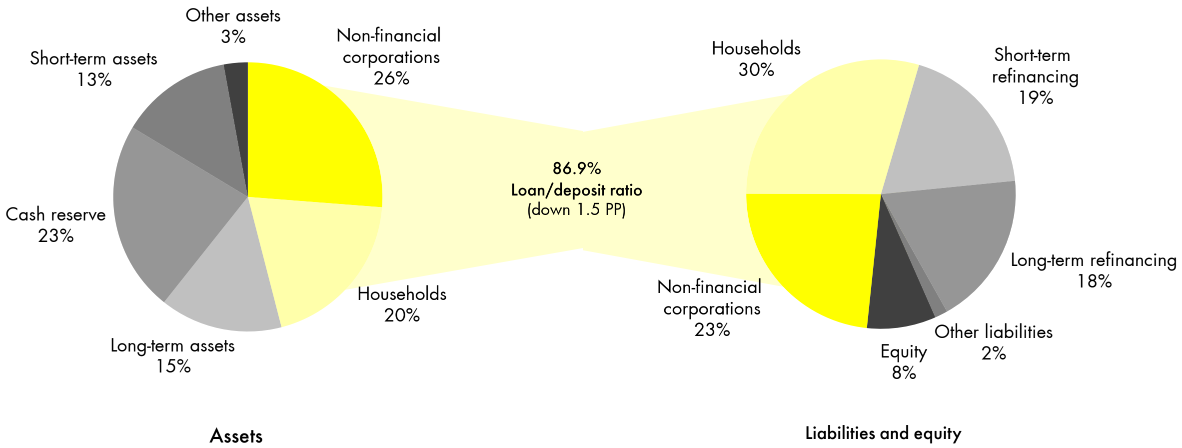
Total VaR 99% 1d in € million	VaR as at 31/3/2021	Average VaR	Minimum VaR	Maximum VaR	VaR as at 31/12/2020
Currency risk	7	8	6	11	7
Interest rate risk	13	14	12	18	15
Credit spread risk	83	75	60	91	84
Share price risk	1	1	0	1	1
Vega risk	3	3	3	4	3
Basis risk	2	2	1	3	2
Total	86	77	66	95	73

The VaR for each risk category remained stable. The increase in the overall VaR in the first quarter of 2021 was largely due to portfolio effects. The VaR increased in particular due to greater volatility of credit spreads in the financial and industrial sector. This trend was slightly offset by the reduction in the open Russian ruble currency position.

(45) Liquidity management

Funding structure

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



Liquidity position

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

in € million	31/3/2021		31/12/2020	
Maturity	1 month	1 year	1 month	1 year
Liquidity gap	37,028	39,459	32,947	35,528
Liquidity ratio	167%	138%	167%	137%

Liquidity coverage ratio (LCR)

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

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

in € million	31/3/2021	31/12/2020
Average liquid assets	**38,432**	**36,392**
Net outflows	**23,261**	**22,159**
Inflows	15,079	13,756
Outflows	38,340	35,915
Liquidity Coverage Ratio in per cent	**165%**	**164%**

Both the average liquid assets and also the net outflows increased slightly; overall, RBI recorded a stable LCR result.

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. RBI targets a balanced funding position.

in € million	31/3/2021	31/12/2020
Required stable funding	114,618	111,623
Available stable funding	142,061	136,811
Net Stable Funding Ratio in per cent	**124%**	**123%**

Other disclosures

(46) Pending legal issues

Various court, government or arbitration proceedings in which RBI is involved can be seen in the Annual Report 2020.

Consumer protection

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 the end of March 2021, the total amount in dispute was approximately PLN 948 million (€ 204 million). The number of lawsuits is still increasing. In this context, a Polish court requested the European Court of Justice (ECJ) to clarify whether certain clauses in these agreements breach European law and are unfair. The ECJ's preliminary ruling in 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 inflow of new cases has been observed since the beginning of 2020 as a result of the ECJ preliminary ruling and intensified marketing activity by law firms acting on behalf of borrowers. Such an increased inflow of new cases has not only been observed by RBI'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 another six civil proceedings. That ruling could lead to further clarifications and may influence how court cases concerning currency loans are decided by national Polish courts. RBI is directly involved in one of these proceedings.

The impact assessment in relation to affected FX-indexed or FX-denominated loan agreements may also be influenced by the outcome of ongoing administrative proceedings conducted by the President of the Office of Competition and Consumer Protection (UOKiK) against RBI's Polish branch. Such administrative proceedings are, inter alia, based on the alleged practice of infringing collective consumer interests as well as on the classification of clauses in standard agreements as unfair. As at this point of time, it is uncertain what the potential impact of said proceedings could be on FX-indexed or FX-denominated loan agreements and RBI. Furthermore, such proceedings could result in the imposition of administrative fines on RBI's Polish branch – and in case of appeals – in administrative court proceedings.

Moreover, the Polish Financial Ombudsman, acting on behalf of two borrowers, initiated a civil proceeding against RBI alleging employment of unfair commercial practice towards consumers in respect of a case in which RBI – following the annulment of a loan agreement – claims the full loan amount originally disbursed without taking into account repayments made meanwhile as well as amounts due for the use of capital by the borrowers based on the principle of unjust enrichment and demanded that RBI discontinue such practice.

At the end of December 2020, the Chair of the Polish Financial Supervisory Authority (PFSA) – which is referred to by its Polish abbreviation, KNF – launched an initiative to resolve the ongoing public system debate and the related rising tide of litigation surrounding FX-indexed or FX-denominated (mainly Swiss franc) mortgages. At the suggestion of KNF, Polish banks were asked to evaluate a proposal for a possible settlement with CHF mortgage customers where the customers' mortgages would be treated as if granted in zloty at a WIBOR-based interest rate (plus a margin historically applied to zloty-based mortgages). Financially, the proposed resolution scheme would thus not only remove a controversial element from the CHF mortgages – the basis for setting the exchange rate – but also retroactively eliminate all FX risk and transfer the related financial burden to the bank. RBI ultimately decided to withdraw from the working group established to analyze KNF's proposal as RBI considered that it would not lead to a socially and economically equitable solution; in particular, the proposed resolution scheme – being on a voluntary basis – would not provide adequate legal certainty and would not be capable of ruling out further litigation on the same or related matters.

In this connection, and in view of what is currently perceived as a diverging judicial interpretation of Polish laws, the President of the Supreme Court of the Republic of Poland announced on 29 January 2021 a petition for the Supreme Court to deliver a leading judgment on certain key questions considered pivotal for the resolution of pending litigation surrounding FX-indexed or FX-denominated mortgages. The Supreme Court judgment is intended to unify the currently diverging decision practice of the Polish courts and clarify questions on which case law is fragmentary or non-uniform. The questions published by the Supreme Court would address, firstly, the problem of whether and in what form a mortgage can remain in place if contract terms relating to the setting of the exchange rate for conversion are deemed void and, secondly, the legal issues surrounding any cancellation of contract between the parties, including the statute of limitations for their respective claims, in the event that the mortgage agreement is voided in its entirety due to a potentially unlawful contract term. RBI hopes that these leading judgments will lead to the resolution of the large number of cases before the Polish courts and – looking to the future – to a workable solution for the problem of FX mortgages as a whole.

RBI has recognized a provision for the lawsuits filed in Poland. 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 € 119 million (2020: € 89 million). The main uncertainties associated with the calculation of the provision relate to a potentially higher number of claims and an increase in the probability of losing the court cases.

Judgments detrimental to the bank – notably the Supreme Court decision expected at mid of May – may result in a significant increase in the provisions.

Banking business

In first quarter 2021 RBI learned about a claim filed against it by an Indonesian company in Jakarta already in November 2020. No service has been made on RBI yet. The amount of the alleged claim is approximately USD 129 million (€ 110 million) in material damages and USD 200 million (€ 171 million) in immaterial damages. An Indonesian law firm will be engaged to find out further details.

(47) Related parties

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

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

31/3/2021 in € million	Companies with significant influence	Affiliated companies	Investments in associates valued at equity	Other interests
Selected financial assets	**16**	**497**	**1,062**	**588**
Equity instruments	0	252	655	147
Debt securities	13	0	181	14
Loans and advances	3	245	227	427
Selected financial liabilities	**2,511**	**109**	**4,296**	**566**
Deposits	2,511	109	4,296	566
Debt securities issued	0	0	0	0
Other items	**156**	**0**	**302**	**119**
Loan commitments, financial guarantees and other commitments given	138	0	281	119
Loan commitments, financial guarantees and other commitments received	18	0	21	0

31/12/2020 in € million	Companies with significant influence	Affiliated companies	Investments in associates valued at equity	Other interests
Selected financial assets	**23**	**470**	**1,133**	**591**
Equity instruments	0	254	748	157
Debt securities	14	0	162	14
Loans and advances	10	215	223	420
Selected financial liabilities	**2,339**	**121**	**4,941**	**465**
Deposits	2,339	120	4,941	465
Debt securities issued	0	1	0	0
Other items	**153**	**3**	**319**	**127**
Loan commitments, financial guarantees and other commitments given	135	3	291	127
Loan commitments, financial guarantees and other commitments received	18	0	29	0

1/1-31/3/2021 in € million	Companies with significant influence	Affiliated companies	Investments in associates valued at equity	Other interests
Interest income	3	1	2	1
Interest expenses	(4)	0	(5)	0
Dividend income	0	1	124	4
Fee and commission income	2	1	2	1
Fee and commission expenses	0	0	(2)	(3)

1/1-31/3/2020 in € million	Companies with significant influence	Affiliated companies	Investments in associates valued at equity	Other interests
Interest income	3	1	3	1
Interest expenses	(5)	0	(7)	0
Dividend income	0	3	36	3
Fee and commission income	2	1	3	1
Fee and commission expenses	(2)	(1)	(2)	(5)

(48) Average number of staff

Full-time equivalents	1/1-31/3/2021	1/1-31/3/2020
Salaried employees	44,638	46,255
Wage earners	589	622
Total	**45,227**	**46,877**

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.

The Pillar 2 requirement is calculated based on the bank's business model, risk management or capital situation, for example. The most recent official notification from the ECB specifies that the Pillar 2 requirement must be adhered to at the level of RBI (consolidated) and the level of RBI AG (unconsolidated). In addition, RBI is subject to the minimum requirements of the CRR and the combined buffer requirement. The combined buffer requirement for RBI currently contains a capital conservation buffer, a systemic risk buffer and a countercyclical buffer. As at 31 March 2021, the CET1 requirement (including the combined buffer requirement) is 10.4 per cent for RBI. 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 (including subsequent amendments). The SRB for RBI was set to 2 per cent as of 2019.

The establishment of a countercyclical buffer is also the responsibility of the national supervisors and results in a weighted average at the level of RBI 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 RBI (based on a weighted calculation of averages). Further expected regulatory changes and developments are monitored by 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.

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).

in € million	31/3/2021	31/12/2020
Capital instruments and the related share premium accounts	5,974	5,974
Retained earnings	8,790	8,766
Accumulated other comprehensive income (and other reserves)	(3,724)	(3,788)
Minority interests (amount allowed in consolidated CET1)	483	421
Common equity tier 1 (CET1) capital before regulatory adjustments	**11,524**	**11,374**
Additional value adjustments (negative amount)	(73)	(58)
Deductions for new net provisioning	(114)	0
Intangible assets (net of related tax liability) (negative amount)	(574)	(585)
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)	(12)	(13)
Fair value reserves related to gains or losses on cash flow hedges	2	0
Gains or losses on liabilities valued at fair value resulting from changes in own credit standing	55	54
Exposure amount of the following items which qualify for a risk weight of 1250%, where the institution opts for the deduction alternative	(10)	(11)
hereof: securitization positions (negative amount)	(10)	(11)
Total regulatory adjustments to common equity tier 1 (CET1)	**(725)**	**(612)**
Common equity tier 1 (CET1) capital	**10,798**	**10,762**
Amount of qualifying items referred to in Article 484 (4 and the related share premium accounts subject to phase out from AT1	44	88
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	1,640	1,639
Additional tier 1 (AT1) capital	**1,684**	**1,727**
Tier 1 capital (T1 = CET1 + AT1)	**12,483**	**12,489**
Capital instruments and the related share premium accounts	1,727	1,818
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	34	29
Credit risk adjustments	264	254
Tier 2 (T2) capital	**2,025**	**2,101**
Total capital (TC = T1 + T2)	**14,508**	**14,590**
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)	**81,362**	**78,864**
Total risk-weighted assets (RWA)	**81,362**	**78,864**

Total capital requirement and risk-weighted assets

in € million	31/3/2021		31/12/2020	
	Risk-weighted exposure	Capital requirement	Risk-weighted exposure	Capital requirement
Total risk-weighted assets (RWA)	**81,362**	**6,509**	**78,864**	**6,309**
Risk-weighted exposure amounts for credit, counterparty credit and dilution risks and free deliveries	**66,757**	**5,341**	**65,094**	**5,208**
Standardized approach (SA)	**22,627**	**1,810**	**22,570**	**1,806**
Exposure classes excluding securitization positions	22,627	1,810	22,570	1,806
Central governments or central banks	1,132	91	1,255	100
Regional governments or local authorities	103	8	103	8
Public sector entities	18	1	45	4
Institutions	270	22	274	22
Corporates	4,970	398	4,845	388
Retail	5,054	404	4,908	393
Secured by mortgages on immovable property	6,234	499	6,178	494
Exposure in default	369	29	364	29
Items associated with particular high risk	156	12	145	12
Covered bonds	10	1	11	1
Collective investments undertakings (CIU)	23	2	19	1
Equity	1,641	131	1,804	144
Other items	2,647	212	2,620	210
Internal ratings based approach (IRB)	**44,130**	**3,530**	**42,524**	**3,402**
IRB approaches when neither own estimates of LGD nor conversion factors are used	**36,318**	**2,905**	**34,923**	**2,794**
Central governments or central banks	1,851	148	1,827	146
Institutions	2,304	184	2,092	167
Corporates - SME	3,704	296	3,753	300
Corporates - Specialized lending	2,932	235	3,063	245
Corporates - Other	25,528	2,042	24,189	1,935
IRB approaches when own estimates of LGD and/or conversion factors are used	**7,098**	**568**	**6,916**	**553**
Retail - Secured by real estate SME	211	17	196	16
Retail - Secured by real estate non-SME	2,869	230	2,781	222
Retail - Qualifying revolving	288	23	280	22
Retail - Other SME	516	41	517	41
Retail - Other non-SME	3,214	257	3,143	251
Equity	456	37	439	35
Simple risk weight approach	0	0	0	0
Other equity exposure	0	0	0	0
PD/LGD approach	0	0	0	0
Other non-credit obligation assets	257	21	247	20

in € million	31/3/2021		31/12/2020	
	Risk-weighted exposure	Capital requirement	Risk-weighted exposure	Capital requirement
Total risk exposure amount for settlement/delivery	**0**	**0**	**0**	**0**
Settlement/delivery risk in the non-trading book	0	0	0	0
Settlement/delivery risk in the trading book	0	0	0	0
Total risk exposure amount for position, foreign exchange and commodities risk	**5,572**	**446**	**5,007**	**401**
Risk exposure amount for position, foreign exchange and commodities risks under standardized approaches (SA)	**2,328**	**186**	**2,378**	**190**
Traded debt instruments	1,829	146	1,935	155
Equity	160	13	166	13
Particular approach for position risk in CIUs	1	0	1	0
Foreign exchange	333	27	268	21
Commodities	4	0	8	1
Risk exposure amount for position, foreign exchange and commodities risks under internal models (IM)	**3,245**	**260**	**2,629**	**210**
Total risk exposure amount for operational risk	**7,865**	**629**	**7,548**	**604**
OpR standardized (STA) /alternative standardized (ASA) approaches	3,485	279	3,439	275
OpR advanced measurement approaches (AMA)	4,380	350	4,109	329
Total risk exposure amount for credit valuation adjustments	**258**	**21**	**260**	**21**
Standardized method	258	21	260	21
Other risk exposure amounts	**910**	**73**	**954**	**76**
of which risk-weighted exposure amounts for credit risk: securitization positions (revised securitization framework)	910	73	954	76

Capital ratios[1]

in per cent	31/3/2021	31/12/2020
Common equity tier 1 ratio	13.3%	13.6%
Tier 1 ratio	15.3%	15.7%
Total capital ratio	17.8%	18.4%

1 Fully loaded

Leverage ratio

The leverage ratio is defined in Part 7 of the CRR and was not yet a mandatory quantitative requirement as at 31 March 2021. Until then it serves for information only.

in € million	31/3/2021	31/12/2020
Leverage exposure	207,463	193,910
Tier 1	12,483	12,489
Leverage ratio in per cent[1]	**6.0%**	**6.4%**

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 (before impairment) 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.

Cost/income ratio (including compulsory contributions) – In this second variant of determining the cost/income ratio, the general administrative expenses also takes into account the expenses from the item governmental measures and compulsory contributions (bank levies, resolution fund and deposit insurance fees).

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 or total assets). 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 all exposures on and off the statement of financial position insofar as they are not deducted when determining the capital measurand. The calculation is 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

Annual General Meeting approves dividend payment

On 22 April 2021, the Annual General Meeting approved a dividend in the amount of € 0.48 per share based on the net profit for the 2020 financial year. The dividend payment, which totaled € 158 million, was made to entitled shareholders on 30 April 2021.

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