Annual Report 2020

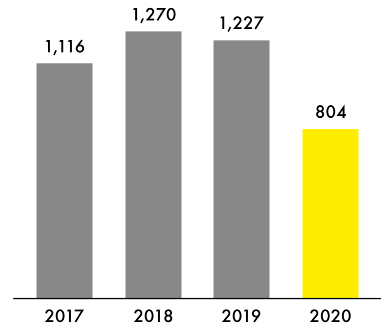
Raiffeisen Bank International
Member of RBI Group

Insight 2020

RBI at a glance

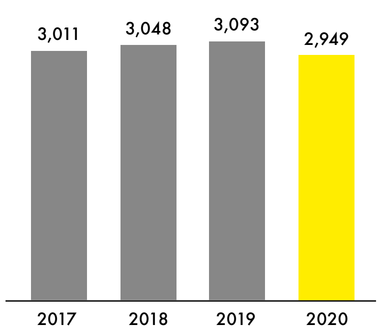
Raiffeisen Bank International AG (RBI) regards Austria, where it is a leading corporate and investment bank, as well as Central and Eastern Europe (CEE) as its home market. 13 markets in the CEE region are covered by subsidiary banks. Additionally, the Group comprises numerous other financial service providers, for instance in the areas of leasing, asset management and M&A.

OVER 30 YEARS BANKING EXPERIENCE IN CEE



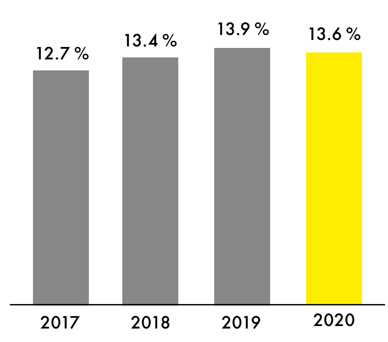
Consolidated profit
in € million

17.2 MILLION CUSTOMERS



General administrative expenses
in € million

45,414 EMPLOYEES



Common equity tier 1 ratio (fully loaded)

Overview – Raiffeisen Bank International (RBI)

Monetary values in € million	2020	2019	Change	2018	2017	2016
Income statement	**1/1-31/12**	**1/1-31/12**		**1/1-31/12**	**1/1-31/12**	**1/1-31/12**
Net interest income	3,241	3,412	(5.0)%	3,362	3,225	2,935
Net fee and commission income	1,738	1,797	(3.3)%	1,791	1,719	1,497
General administrative expenses	(2,949)	(3,093)	(4.7)%	(3,048)	(3,011)	(2,848)
Operating result	2,246	2,382	(5.7)%	2,330	2,164	1,844
Impairment losses on financial assets	(630)	(234)	169.1%	(166)	(312)	(754)
Profit/loss before tax	1,233	1,767	(30.2)%	1,753	1,612	886
Profit/loss after tax	910	1,365	(33.3)%	1,398	1,246	574
Consolidated profit/loss	804	1,227	(34.5)%	1,270	1,116	463
Statement of financial position	**31/12**	**31/12**		**31/12**	**31/12**	**31/12**
Loans to banks	11,952	9,435	26.7%	9,998	10,741	9,900
Loans to customers	90,671	91,204	(0.6)%	80,866	77,745	70,514
Deposits from banks	29,121	23,607	23.4%	23,980	22,378	12,816
Deposits from customers	102,112	96,214	6.1%	87,038	84,974	71,538
Equity	14,288	13,765	3.8%	12,413	11,241	9,232
Total assets	165,959	152,200	9.0%	140,115	135,146	111,864
Key ratios	**1/1-31/12**	**1/1-31/12**		**1/1-31/12**	**1/1-31/12**	**1/1-31/12**
Return on equity before tax	9.2%	14.2%	(5.0) PP	16.3%	16.2%	10.3%
Return on equity after tax	6.8%	11.0%	(4.2) PP	12.7%	12.5%	6.7%
Consolidated return on equity	6.4%	11.0%	(4.5) PP	12.6%	12.2%	5.8%
Cost/income ratio	56.8%	56.5%	0.3 PP	56.7%	58.2%	60.7%
Return on assets before tax	0.77%	1.18%	(0.42) PP	1.33%	1.23%	0.79%
Net interest margin (average interest-bearing assets)	2.15%	2.44%	(0.29) PP	2.50%	2.48%	2.78%
Provisioning ratio (average loans to customers)	0.68%	0.26%	0.42 PP	0.21%	0.41%	1.05%
Bank-specific information	**31/12**	**31/12**		**31/12**	**31/12**	**31/12**
NPE ratio	1.9%	2.1%	(0.2) PP	2.6%	4.0%	-
NPE coverage ratio	61.5%	61.0%	0.5 PP	58.3%	56.1%	-
Total risk-weighted assets (RWA)	78,864	77,966	1.2%	72,672	71,902	60,061
Common equity tier 1 ratio (fully loaded)	13.6%	13.9%	(0.3) PP	13.4%	12.7%	13.6%
Tier 1 ratio (fully loaded)	15.7%	15.4%	0.3 PP	14.9%	13.6%	13.6%
Total capital ratio (fully loaded)	18.4%	17.9%	0.5 PP	18.2%	17.8%	18.9%
Stock data	**1/1-31/12**	**1/1-31/12**		**1/1-31/12**	**1/1-31/12**	**1/1-31/12**
Earnings per share in €	2.22	3.54	(37.4)%	3.68	3.34	1.58
Closing price in € (31/12)	16.68	22.39	(25.5)%	22.20	30.20	17.38
High (closing prices) in €	22.92	24.31	(5.7)%	35.32	30.72	18.29
Low (closing prices) in €	11.25	18.69	(39.8)%	21.30	17.67	10.21
Number of shares in million (31/12)	328.94	328.94	0.0%	328.94	328.94	292.98
Market capitalization in € million (31/12)	5,487	7,365	(25.5)%	7,302	9,934	5,092
Dividend per share in €	0.48	–	–	0.93	0.62	–
Resources	**31/12**	**31/12**		**31/12**	**31/12**	**31/12**
Employees as at reporting date (full-time equivalents)	45,414	46,873	(3.1)%	47,079	49,700	48,556
Business outlets	1,857	2,040	(9.0)%	2,159	2,409	2,506
Customers in million	17.2	16.7	2.5%	16.1	16.5	14.1

In this report, Raiffeisen Bank International (RBI) refers to RBI Group. RBI AG is used wherever statements refer solely to Raiffeisen Bank International AG. Head office refers to Raiffeisen Bank International AG excluding branches. As of January 2017, Raiffeisen Zentralbank AG contributed business is fully included.

Due to the adoption of IFRS in the year 2018, the figures for previous periods are only to a limited extent comparable.

Overview of RBI

RBI Management Board

Andrii Stepanenko
Retail Banking

Group Asset Management (via RCM)

International Mass Banking, Sales & Distribution

International Premium & Private Banking

International Retail CRM

International Retail Lending

International Retail Online Banking

International Retail Payments

International Small Business Banking

Peter Lennkh
Corporate Banking

Corporate Customers

Corporate Finance

Group Corporate Business Strategy & Steering

International Leasing Steering & Product Management

Trade Finance & Transaction Banking

Johann Strobl
CEO

Active Credit Management

Chairman's Office

Group Communications

Group Executive Office

Group Internal Audit[1]

Group Investor Relations

Group Marketing

Group People & Organisational Innovation

Group Planning & Finance

Group Strategy

Group Subsidiaries & Equity Investments

Group Sustainability Management

Group Tax Management

Group Treasury

Legal Services[2]

1 Reports to the entire Management Board and Supervisory Board
2 Data Protection Officer for RBI and its Austrian subsidiaries – reports to the Management Board

Łukasz Januszewski
Markets & Investment Banking

Group Capital Markets Corporate & Retail Sales

Group Capital Markets Trading & Institutional Sales

Group Investment Banking

Group Investor Services

Group MIB Business Management & IC Experience

Institutional Clients

Raiffeisen Research

Hannes Mösenbacher
CRO

Financial Institutions, Country & Portfolio Risk Management

Group Advanced Analytics

Group Compliance[1]

Group Corporate Credit Management

Group Regulatory Affairs & Data Governance

Group Risk Controlling

Group Special Exposures Management

International Retail Risk Management

Sector Risk Controlling Services

Andreas Gschwenter
COO/CIO

Group Core IT

Group Data

Group Efficiency Management

Group IT Delivery

Group Procurement, Outsourcing & Cost Management

Group Security, Resilience & Portfolio Governance

Head Office Operations

"We are capitalizing on the opportunities from digitalization!"

Interview with the Chief Executive Officer Johann Strobl

Many will remember 2020 as a difficult year due to the COVID-19 pandemic. How did RBI meet the challenges arising in the financial year?
We can, without any exaggeration, describe the challenges associated with the pandemic as historic. Many have lost their lives or fell seriously ill, businesses had to shut down their entire operations, in some cases for weeks, and the virus also put great personal pressure on people in their private lives. For us, protecting the health of our employees and customers was, and continues to be, always of utmost importance.

Despite these circumstances, we generated a consolidated profit of 804 million euros – a good result. Of course, the lockdowns and the related recession together with interest rate cuts and the devaluation of CEE currencies have left their mark, leading to a significant reduction in the results compared to the previous year. All in all, however, I believe that RBI came through the year well.

What priorities did you set as a bank in this context?
For RBI, as a relationship bank, our focus is on our customers. Following the transition of almost all of our employees to remote working – which was rapid and seamless thanks to the high degree of dedication of our employees and the bank's proactive investment in digitalization – the key question was how we could best serve our customers during these difficult times. Our support ranged from extending maturities and adjusting loan terms to providing advice on coronavirus state aid packages in different markets and helping customers to complete their applications. In several countries, we had already granted our customers repayment holidays before their governments declared loan repayment moratoriums. For us, it was important to quickly provide customers with the funds needed in this situation.

How can you support companies in coming through the crisis?
If we want to go a step further than securing liquidity for businesses, then capitalization is certainly an issue. To enable companies to access equity capital, we set up, for example, an equity fund for Austrian small and medium-sized firms in October together with the Vienna-based asset management company C-Quadrat. It's called the Austrian Growth Fund and targets rapidly growing medium-sized firms as these companies often suffer from a lack of capital even though they play a significant role in terms of investment, innovation and jobs. The coronavirus crisis has exacerbated this problem. With the fund, which has a target size of 200 million euros, we aim to address this problem.

Can you describe the situation in Central and Eastern Europe? How are businesses coping there?
The various lockdowns have of course resulted in severe disruption to economic activity overall. However, the recession in CEE has been significantly milder than the euro area average. Following the financial crisis in 2008 and 2009, the countries in Central and Eastern Europe have markedly scaled back their debt levels, have become less dependent on foreign finance and have lowered foreign currency loan volumes. In addition, many markets in Central and Southeastern Europe are benefiting significantly from EU aid programs.

There's another point I'd like to make about the situation with respect to our corporate customers. The focus is often on the sectors that are especially hard hit and will probably take the longest to recover, the aviation and tourism industries for example. It is sometimes overlooked that many sectors, such as retail, have not only suffered less in the crisis but will also recover at a significantly faster pace.

What does this mean for developments in terms of risk costs?
We entered this crisis from a position of strength. I am confident overall, even though the restrictions caused by the pandemic have clearly led to higher risk costs. The proportion of non-performing loans in the total lending volume, for which provisions have to be made, has of course increased. Accordingly, our provisioning ratio of 0.68 per cent for the financial year 2020 is 42 basis points higher than in the year prior. As our risk costs were particularly low in recent years, this development is very manageable.

In general, digitalization has benefited from the crisis. Does this apply to RBI?
Absolutely! We already had an attractive digital offering before the crisis and the market launch of RaiConnect – an app that enables customers and account managers to hold video calls and exchange documents – in the first quarter of 2020 was unrelated to the pandemic. While in lockdown, many of our retail customers discovered the benefits of mobile banking and managing their banking business on a smartphone.

Digital offerings are now used by 43 per cent of our customers, in Russia and Slovakia it's even above 60 per cent. This has encouraged us to further expand these services and set ambitious targets in this area, such as complete digitalization of the key retail products by 2025. As the level of customer satisfaction is very high, I expect that customers will continue to use the online channels following the pandemic.

And how is digitalization being utilized in the corporate customer business?
The corporate customer business is often more intensive with respect to advisory services. We have therefore focused on digitalizing processes and have already developed several products such as eSignature to digitally sign contracts and eKYC for faster identity verification. We also offer corporate customers our eAccount Opening function for opening accounts online and eSpeedtrack for digital export financing. 2020 has shown that the digital offering has been a success with our customers – in 2020, 39 per cent of the new accounts in Austria were digitally initiated and 42 per cent were verified using the fully digitalized KYC process. We will continue to invest heavily in this area because we can see that it is paying off. We are capitalizing on the opportunities from digitalization!

Investments cost money. What has happened to the cost reduction plans?
Cost discipline remains a top priority and we achieved our targets last year. In implementing our Target Operating Model, we reduced general administrative expenses by a mid-double digit million euro amount in 2020. However, we want to further exploit savings opportunities wherever possible. The digitalization process discussed previously also provides an opportunity to minimize costs, as a digital business outlet, for example, is significantly cheaper than a physical one in terms of maintenance. With these cost reductions we are creating more headroom for investments.

How do you ensure that profitability is maintained in this situation?
Many central banks have cut benchmark rates to combat the recession – in some cases extensively – and again stepped up bond purchases. We will have to operate in this environment for a while yet. For this reason, our net interest margin has come under pressure and part of the traditional banking business has become markedly less profitable than in the past. However, digitalization offers not only potential savings but also new income generation opportunities. Through digital innovation we are addressing new customer groups and needs and developing new income sources while offering attractive terms and conditions for customers at the same time. One example of this is eSpeedtrack for export finance. Thanks to optimization and standardization, the application process could be digitalized; we are now also able to offer the product for smaller amounts, for example to medium-sized companies. I also see growth, above all organic growth, in order to generate positive scale effects, as an important aspect for our long-term profitability.

You made use of an opportunity for inorganic growth at the beginning of 2021 with the purchase of Equa bank in the Czech Republic. What do expect from this acquisition?
We have always viewed the Czech Republic as a market in which we would like to grow, not only organically. The bank and its 480,000 customers, particularly from the retail and SME areas, complements our Czech subsidiary. Aside from strengthening our presence in the Czech market, we see good opportunities to improve our digital offering.

ESG matters are gaining in importance, how is RBI positioned here?
We have already been concentrating on the various aspects of sustainability for many years. Our aim is to go beyond the guidelines and standards set. Accordingly, among other things, we have developed an internal ESG score, i.e. sustainability rating criteria, for the classification of corporate customers. The model is currently being further developed so that, in future, individual customers also receive an expert appraisal of ESG performance. In future, we will develop and market even more sustainable financial products and services to support our customers in the transition to a sustainable future. For example, we offer preferential conditions for green loans if the defined criteria are fulfilled. On the prevention of money laundering, RBI has long been advocating for a much needed and urgent change to the legal framework, for example, to make it possible for information to be exchanged between banks and also between the banks and supervisory authorities. Against this backdrop, RBI decided to publish its Anti-Money Laundering Declaration in this report, and so provide weight behind our efforts to improve the current legal situation. Furthermore, at the beginning of 2021, we were the first Austrian bank to become a signatory of the Principles for Responsible Banking, a financial initiative of UNEP, in which we have been a member for many years, thereby committing ourselves to implementing its principles. We also continue to be the largest issuer of green bonds in Austria.

There are two further issues that naturally interest your shareholders – the share price and the dividend. What can you say about those?
We cannot be satisfied with the decline in the share price of 25 per cent to 16.68 euros during 2020. However, one must consider the impact of the coronavirus crisis, which triggered a sharp fall in share prices in the second half of February 2020. The omission to date of the dividend payment for 2019 has certainly also weighed on the share price. I am therefore especially grateful to those shareholders who have continued to place their trust in us during this period.

As far as the dividend is concerned, we took the view from the beginning that our shareholders should share in RBI's success in 2019. One aspect that should not be overlooked, with respect to the decision of whether to pay a dividend or not, is that shareholders – for example pensioners – are reliant on these amounts to meet their own obligations. The regional Raiffeisen banks also require the payout in order to grant loans in the local economy through the Raiffeisen banks. Nevertheless, we ultimately decided to follow the ECB's strong recommendation to exercise extreme prudence with regard to dividend policy and to carry forward the 2019 financial year profit. In consideration of the ECB's most recent recommendation shortly before Christmas, we decided to propose a dividend in the amount of 48 cents per share to the Annual General Meeting planned for 22 April 2021. We will certainly consider additional dividends as soon as the ECB has lifted its recommendation.

To conclude, a question on the current year, 2021. What areas are you focusing on and what are your expectations?
The economic recovery and the future development of our business will depend strongly on how quickly the pandemic can be contained and suppressed. The approval of vaccines and the start of extensive vaccination programs in many countries have established important prerequisites to enabling people to regain confidence and pursue their normal lives and activities. As a result, the economic recovery should also be rapid. In some sectors there will be catch-up effects that may accelerate the economic upturn, while others will grapple with the fallout from the pandemic for longer. Therefore, we will pay particular attention to risk management. Like every crisis, however, this one has also shown that resulting opportunities may present themselves – for example, the acceleration of the digitalization process which has already been mentioned several times, the shift towards new working methods and the emergence of new business models. We want to utilize these and play an active role in the transformation process as a reliable partner to our customers.

Report of the Supervisory Board

Review in light of the COVID-19 pandemic and performance

With the rapid global spread of COVID-19 during the first quarter of 2020, countries, companies and private individuals found themselves confronting entirely unprecedented challenges. From the outset, our top priority was to protect the health of our employees and customers. It quickly became clear that alongside the health risks, the impact on the economy would also necessitate significant government aid programs on a large scale, as well as market intervention by central banks. Government-imposed lockdowns required to control the virus had far-reaching consequences for real economies. Significant key rate cuts in numerous countries, the expansion of bond purchase programs and state support measures failed to stave off a recession, however they did mitigate the consequences and also helped calm the capital markets following initial panic-driven price swings.

The banking industry and RBI face extremely challenging market conditions that are in particular characterized by a continuing low interest rate environment and by a cyclical decline in demand for credit. Despite many companies and sectors experiencing renewed hardship, the second wave of infection in the third and fourth quarters failed to suppress the optimism that had returned during the summer months. The promising progress in the development of vaccines and initial approvals by the authorities at the turn of the year have made overcoming the pandemic and a strong economic recovery in the coming months increasingly more likely.

COVID-19 has also led to noticeable changes in working practices within RBI. On the basis of §§ 1 et seq. of the Austrian COVID-19 Company Law Act (COVID-19-GesG) in combination with § 2 of the Austrian COVID-19 Company Law Regulation (COVID-19-GesV) and in accordance with § 94 of the Austrian Stock Corporation Act (AktG) and the provisions in RBI AG's Memorandum and Articles of Association, the meetings of the Supervisory Board and its Committees were held both in the form of "qualified" video conferences (i.e. meeting the prerequisites specified under Austrian law) and also in hybrid form. The format of each meeting was at all times in accordance with Austrian Federal Government stipulations. During these challenging times, the Supervisory Board continuously maintained its capacity to carry out its activities effectively and to address decisions; the Board and its Committees adopted important decisions by circular resolution, especially in urgent cases. In this difficult phase especially, the Supervisory Board and the Management Board, under the leadership of its Chairman Johann Strobl, worked together closely and constructively to successfully manage the challenges being faced. For the first time in our company's history, RBI AG's Annual General Meeting on 20 October 2020 was held in virtual form in accordance with §§ 1 et seq. of the COVID-19-GesG in combination with § 3 of the COVID-19-GesV and § 102 (4) of the AktG.

In the 2020 financial year, RBI generated a consolidated profit of € 804 million. Although this is a year-on-year decline of around one-third, it must be seen against the backdrop of the exceptional challenges presented by the COVID-19 pandemic. Net interest income and net fee and commission income were 5 and 3 per cent, respectively, below the previous year's level. While net interest income was adversely affected by key rate cuts and substantial currency depreciation in some countries, the greatest impact from lockdown measures was reflected in the development of net fee and commission income. In contrast, net trading income – which was negative in the previous year – increased significantly. The key rate cuts and a significantly higher level of short-term investments reduced the net interest margin. The increase in customer loans on a local currency basis in most countries is encouraging, reflecting confidence in RBI as a strong brand and reliable partner even in difficult times. Starting from a very low level in 2019, impairment losses on financial assets increased to € 630 million. Contributory factors included the credit moratoriums introduced in numerous countries, additional expected provisioning for impairment losses, and structural consequences for specific sectors triggered by the pandemic. The NPE ratio and NPE coverage ratio slightly improved to 1.9 per cent and 61.5 per cent respectively. The common equity tier 1 ratio fell only slightly to 13.6 per cent despite the very difficult underlying conditions, thus continuing to reflect the Group's sound capitalization. Costs fell 5 per cent, which was due on the one hand to currency movements and, on the other, to lower expenses as a result of the lockdowns.

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RBI would like to enable its owners to share in the company's success and therefore would welcome the possibility to allow shareholders to benefit from the company's achievements through dividend payments, albeit subject always to the condition that regulatory levels for key indicators, such as sound capitalization, are met. In line with the ECB's recommendation, the planned dividend for the 2019 financial year was not distributed and the net profit was carried forward. Although this is purely a recommendation in formal legal terms, in practical terms it is of considerable significance. In consideration of the ECB's most recent recommendation at the end of 2020, the Management Board has decided to propose a dividend of € 0.48 per share to the Annual General Meeting planned for 22 April 2021.

Despite facing an increasingly difficult market environment due to the COVID-19 pandemic, European banks have so far largely coped well with the crisis. However, significant increases in loan loss provisions over the course of the year weighed negatively on the performance of bank shares. This and the renewed geopolitical tensions between some EU member states and Russia, and also the political situation in Belarus, had an adverse impact on RBI's share price. After an initial high of € 22.92 at the start of the year, similarly to other European bank stocks it reached an annual low of € 11.25 immediately following the first lockdown measures. However, the share was able to regain some ground from its annual low towards the end of the year.

In 2020, RBI continued the process of digital transformation embarked upon in recent years. This is reflected in the further expansion of digital services, where the main focus of the initiatives and actions taken was on tailoring the service offering in consideration of customers' requirements and wishes. Another important measure was the modification of internal processes as an adaptive organization, in order to be able to quickly respond to the ever-changing customer expectations. At the same time, RBI invested in the expansion and strengthening of its IT infrastructure, which also had a positive impact in 2020. Only this approach made it possible for 95 per cent of head office employees to work from home at peak times, while also meeting increased customer demand and an additional need for advisory services. Special thanks are extended to all employees for this flexibility and exceptional commitment. The digitalization strategy will also be consistently pursued in future. RBI's successful initiatives and measures receive regular recognition from international trade journals, as evidenced by a total of 36 awards for RBI AG and its subsidiary banks in the 2020 financial year. Recently, the well-established Financial Times trade publication "The Banker" named RBI as the "Best Bank in Central and Eastern Europe" for the fifth successive time. In this context, it is also important to mention the regional awards for the subsidiary banks in Slovakia and Ukraine, both of which also received the title of "Best Bank". In recognition of their achievements, the specialist publication "EMEA Finance" also awarded RBI and its subsidiary banks a total of 12 honors as best bank in their respective regions.

Investors were concerned that RBI's name received prominent media attention in connection with the FinCEN files. This specific case clearly demonstrated that RBI's comprehensive compliance systems are effective, and the corresponding suspicious transactions were identified. Resolute action was taken where necessary: Special investigations were initiated, reports of suspicious activity were notified to the competent authorities and business relationships were also terminated. In the cases in question, RBI conducted itself in accordance with legal requirements at all times and no fines were payable; however, damage to RBI's reputation occurred and was reflected in the share price performance. In view of these circumstances and in order to sustainably prevent money laundering, RBI has long been committed to ensuring that the necessary legal framework is created as a matter of urgency to, for example, enable an exchange of information between banks and also between banks and the authorities. The Supervisory Board and Management Board accord utmost priority and undivided attention to preventing money laundering and ensuring adherence to all compliance requirements, especially in relation to anti-money laundering and financial sanctions. Against this backdrop, RBI has taken the decision to include its anti-money laundering declaration in full in this report (Anti-Money Laundering Declaration, pg. 46), thereby highlighting the endeavors to improve the current legal situation.

In light of the litigation relating to consumer protection in Poland and Croatia, the Supervisory Board and Management Board regularly dealt with the legal and financial consequences of pending legal cases in connection with foreign currency loans. In this context, the members of the Supervisory Board and Management Board monitored the development of decision-making practices in Polish and Croatian courts on an ongoing basis and held joint discussions on risk management measures.

RBI issued its first green bond in June 2018, with further bonds following in 2019 and 2020, and is consequently to date Austria's largest green bond issuer. In tandem with our sustainable issuance activities, sustainable lending has also significantly increased. In 2020, RBI developed an internal ESG score for corporate customers, according to which every corporate customer is rated by industry, domicile and, going forward, also by an expert appraisal of ESG performance. This rating enables a better analysis of RBI's loan portfolio in relation to possible climate risks and the carbon footprint. Ultimately, RBI is responsible for ensuring, through provision of sustainable financial products, that there is a positive impact on the environment and society and that customers are supported in reducing their emissions.

Meetings of the Supervisory Board and of its Committees

In the 2020 financial year, the members of the Supervisory Board and its Committees held meetings as detailed in the table below. The members of the Supervisory Board and the Committees demonstrated an extremely high level of commitment in carrying out their responsibilities and this, among other things, is reflected in an average attendance rate of around 96 per cent. No member of the Supervisory Board was unable to personally attend more than half of the meetings of the Supervisory Board.

Decision-making body	Number of meetings	Level of attendance
Supervisory Board (total)	6	95%
Working Committee	9	97%
Nomination Committee	4	97%
Audit Committee	4	94%
Personnel Committee	3	94%
Risk Committee	3	100%
Remuneration Committee	3	96%

Within the context of the meetings of the Supervisory Board and its Committees, the members of the Management Board informed the Supervisory Board continuously, comprehensively and promptly of all relevant matters relating to business performance and risk trends, including the development of capitalization and liquidity. Based on comprehensive reports, discussions were held on important matters pertaining to business and risk strategy, taking into account business policy and risk-specific considerations. The members of the Management Board also provided detailed reports on regulatory developments for banks and discussed measures to implement regulatory requirements with the Supervisory Board. In addition, the Management Board provided regular reports on performance in the different business areas and in relation to individual customer groups, thereby providing information forming a sound basis for proposals to the Supervisory Board. The Supervisory Board placed particular emphasis on adherence to all relevant laws and standards relating to compliance with anti-money laundering and sanctions provisions.

In preparation for the 32 meetings of the Supervisory Board and its Committees, seven Chairman's meetings were held between the Chairman of the Supervisory Board and the members of RBI's Management Board. In 2020, the Supervisory Board presidium, comprising the Chairman of the Supervisory Board and his deputy, held nine meetings with RBI's Management Board, during which important current issues and strategic matters for the Supervisory Board were prepared and discussed. In addition, four preparatory meetings were held for the members of the Supervisory Board in advance of the respective Supervisory Board meetings, in order to discuss outstanding matters relating to proposals or reports with the Management Board and internal experts, and thus augment the decision-making process to optimum effect.

During the meetings of the Supervisory Board and its Committees, the members of the Supervisory Board focused in detail on business performance and risk trends at RBI's network banks. Accordingly, detailed reports by the respective CEOs of selected subsidiaries formed a key part of the agenda at the meetings of the Supervisory Board on 17 June 2020 (Raiffeisenbank, Russia), on 16 September 2020 (Raiffeisenbank, Czech Republic), and on 2 December 2020 (Raiffeisenbank, Bulgaria). This enabled the members to take decisions on the basis of broad and detailed information. In addition, in 2020 the Chairman of the Supervisory Board and the Chairman of the Management Board also visited RBI's subsidiary banks in Serbia, the Czech Republic and Bulgaria, albeit partly on a virtual basis due to the COVID-19 pandemic.

Cooperation between the Supervisory Board and Management Board

The Chairmen of the Management Board and Supervisory Board and its deputies maintained a regular exchange of information. Current issues were discussed jointly, sometimes on a situation-specific basis and sometimes daily. Factual issues were discussed regularly in preparation for the next meetings, and strategic matters were discussed with the members of the Management Board. In summary, the Chairman of the Supervisory Board held 37 bilateral meetings with members of the Management Board in 2020, 26 of which were held with the CEO. In fulfilling his responsibilities, also under the difficult conditions arising from the COVID-19 pandemic, the Chairman of the Supervisory Board ensured there was an efficient flow of information between the Management Board and the Supervisory Board as well as within the Supervisory Board.

The members of the Supervisory Board were also in regular contact with the Management Board between meetings, enabling necessary decisions to be taken swiftly, especially in the challenging period amid the COVID-19 crisis. The working relationship with the Management Board was at all times open, constructive and based on mutual confidence, and a critical exchange of ideas laid the groundwork for optimum solutions.

Changes in the Management Board and Supervisory Board

In accordance with §§ 1 et seq. of the Austrian COVID-19 Company Law Act (COVID-19-GesG) in combination with § 3 of the Austrian COVID-19 Company Law Regulation (COVID-19-GesV) and also § 102 (4) of the Austrian Stock Corporation Act (AktG), RBI's Annual General Meeting on 20 October 2020 was held in purely virtual form due to the COVID-19 pandemic, in order to protect the participants and for the well-being of the company. In the 2020 financial year, Günther Reibersdorfer and Johannes Ortner resigned from their Supervisory Board positions. In accordance with its assigned responsibilities, the Nomination Committee addressed the filling of the vacant Supervisory Board positions and – following a review – confirmed the personal and professional aptitude of the two candidates Reinhard Mayr and Heinz Konrad. During the Annual General Meeting and in accordance with the Supervisory Board's recommendation, Reinhard Mayr and Heinz Konrad were newly elected to RBI's Supervisory Board for five years. The Supervisory Board also appointed Reinhard Mayr to the Audit Committee and the Digitalization Committee. In addition, at the Annual General Meeting, Erwin Hameseder and Klaus Buchleitner were re-elected to RBI's Supervisory Board for five further years, also on the basis of a structured succession process. At the inaugural Supervisory Board meeting following the Annual General Meeting, Erwin Hameseder was again elected as Chairman of RBI's Supervisory Board from among the Supervisory Board members.

On 2 December 2020, Andrea Gaal was elected from among the Supervisory Board members as the new Chairman and Martin Schaller was elected as the Deputy Chairman of the Digitalization Committee, which was established by the Supervisory Board on 16 September 2020. In addition, the Supervisory Board elected Rudolf Könighofer and – as previously mentioned – Reinhard Mayr as members of the new Digitalization Committee.

On the Nomination Committee's recommendation, the Supervisory Board decided, at its meetings on 17 June 2020 and 2 December 2020 respectively, to extend the expiring Management Board mandates of Peter Lennkh, Andrii Stepanenko and Lukasz Januszewski for five years. The appointment by the Supervisory Board was preceded by a structured succession process in the Nomination Committee, during which the members of the Committee positively appraised the previous performance of Peter Lennkh, Andrii Stepanenko and Lukasz Januszewski, as well as their personal and professional aptitude for the continued exercise of Management Board mandates at the meetings on 16 March 2020 and 16 September 2020.

Key focus areas of the Supervisory Board

As a result of the COVID-19 pandemic, the work of the Supervisory Board and its Committees during the 2020 financial year was especially focused on successfully managing the economic impact of the pandemic on RBI. The Supervisory Board and Management Board maintained constant, close contact. In addition to its reports for the various Committee meetings, the Management Board provided the Supervisory Board with eleven extensive special reports detailing the development of the financial, risk, capital and liquidity position, and the Supervisory Board and Management Board jointly took important business policy decisions related to risk management. The members of the Supervisory Board, especially the members of the Risk Committee, looked in detail at background considerations relating to the pandemic as well as sector and customer-specific assumptions relating to scenarios and trends, and planned portfolio-based risk management countermeasures within the context of the corona playbook. In this connection, the Management Board discussed with the Supervisory Board the likely development of risk costs, and measures were taken to safeguard RBI against the high level of currency volatility caused by COVID-19. In addition, the members of the Audit Committee addressed in detail the effects of the COVID-19 pandemic on RBI's annual financial statements. The members took decisions on customer-related proposals to the Supervisory Board and its Committees while giving careful consideration to capital and liquidity-related parameters and taking into account a conservative risk appetite due to the current challenging crisis situation. Furthermore, each meeting of the Supervisory Board in the 2020 financial year included extensive COVID-19 reports, which, in addition to the effects on the business, also addressed changes in the number of cases within RBI as well as crisis management measures.

Taking into account the potential consequences of the COVID-19 pandemic for RBI and its markets, the Supervisory Board focused on the strategic direction of the Group. Together with the Management Board, an open and constructive exchange of ideas was held during a workshop on 28 September 2020 on RBI's overall strategy, with a review of the transformation process to date. Here, the members of the Supervisory Board held intensive discussions with the Management Board on strategic options for strengthening digital capability and addressed the business policy initiatives of the respective business areas. In addition, growth opportunities were discussed extensively with the Management Board, and in particular potential inorganic growth opportunities were evaluated, always based on a balanced risk and profitability assessment. To ensure a regular and focused discussion of RBI's strategy and close and continuous collaboration between the Supervisory Board and the Management Board, the Supervisory Board will in future hold half-yearly strategy workshops with the Management Board in order to consistently implement RBI's very important goal of sustainably increasing corporate value.

The Supervisory Board believes that a key factor for RBI's successful future lies in the bank's successful digital transformation, in order to ensure that customer requirements can be met to optimum effect. As in previous years, one focus of the Supervisory Board was on monitoring the consistent implementation of customer-oriented digitalization initiatives, with strengthening the multi-channel service offering playing a central role. At the same time, the Supervisory Board monitored the further expansion of a robust, crisis-resilient IT infrastructure and discussed measures to strengthen cybersecurity. The Supervisory Board was also updated on the status of information security and cybersecurity within RBI AG and the Group on a quarterly basis. The decisions mentioned elsewhere which were taken by the Supervisory Board at the meeting on 16 September 2020 led to the establishment of a Digitalization Committee. The aim of the Digitalization Committee is to ensure that the Supervisory Board gives focused and detailed consideration to the current digitalization trends relevant for the banking sector and the consequences for RBI's business model. The Supervisory Board is thereby taking steps to reflect the high level of importance that digitalization holds for RBI. The Digitalization Committee advises the Management Board on the current and future digitalization strategy (particularly in relation to new technologies, data analysis and innovation) and monitors its implementation.

In order to sustainably increase corporate value, the Supervisory Board focused intensively in the 2020 financial year on current cost trends and the goal of ensuring RBI's long-term profitability. The members of the Supervisory Board acted in an advisory capacity to the Management Board in order to sustainably optimize the cost structure.

Continuous monitoring of measures to strengthen Compliance at RBI has been a particular priority of the Management Board and the Supervisory Board for a number of years and was also given proportionate consideration in 2020. The Supervisory Board was regularly informed about the implementation of internal compliance rules, mechanisms and procedures to comply with the relevant laws and standards. In this context the members of the Supervisory Board dealt extensively with the effectiveness of the internal compliance processes and systems, particularly in connection with anti-money laundering. In addition to anti-money laundering measures, the members focused intensively on measures to comply with legal provisions relating to financial sanctions. In particular, the Risk Committee focused on current developments in connection with changes to RBI's operating environment arising from sanctions and discussed the risk management measures with the Management Board in keeping with the pursuit of a conservative risk strategy.

The Supervisory Board also discussed the business performance and strategic direction of the Austrian financial services subsidiaries, including for example Raiffeisen Bausparkasse Gesellschaft m.b.H. and Raiffeisen Centrobank AG.

In implementation of the European Shareholder Rights Directive, RBI's remuneration policy was drafted, under the guidance of the Remuneration Committee and in accordance with the framework conditions relating to stock corporation and banking law, and following discussions in the Supervisory Board, was finally adopted on 16 March 2020.

As part of their advisory and supervisory activities, the members of the Supervisory Board maintained regular contact with key internal function holders, particularly within Compliance, Internal Audit and Risk Management. In addition, the Chairman of the Supervisory Board and the Chairmen of the Risk and Audit Committees held open discussions with the European banking supervisory authority on current and strategic matters relating to RBI.

Another important topic in 2020 was the self-evaluation and efficiency audit of the Supervisory Board as part of a project in cooperation with the Vienna University of Economics and Business. Generally, the Supervisory Board's work was rated as very good and suggestions for improvement were drawn up based on a high starting level. A number of the recommendations were already implemented in 2020. These included the aforementioned formation of a Digitalization Committee at the Supervisory Board meeting on 16 September 2020 and the establishment of joint strategy workshops with the Management Board, the first of which took place on 28 September 2020.

Training and professional development measures

The members of the Supervisory Board undertook independent training and professional development measures required for their Supervisory Board roles and for which adequate support from RBI was received. In addition, the members of the Supervisory Board were able to undertake regular professional development training in the form of Fit & Proper courses, two of which took place during the year under review.

- The Fit & Proper training course in June 2020 focused on the regulatory developments necessitated due to COVID-19 and also on data governance and data protection. In addition, RBI's measures in the field of artificial intelligence were presented in detail and measures to implement the recommendations from the program for the evaluation and further development of efficiency and effectiveness in the Supervisory Board were discussed and specified.

- The focus for the Fit & Proper training course in November 2020 was on current legal issues pertaining to the Supervisory Board, the implications of the COVID-19 pandemic for the European Union and regulatory measures in relation to banks to manage the COVID-19 crisis.

At all meetings the members of the Supervisory Board were additionally given extensive information on current legal and regulatory developments and changes (including with regard to governance at RBI). Taking into account the high level of importance of sustainability, the members of the Supervisory Board were also given training during a Fit & Proper course on current developments at regulatory level and provided with detailed information on provisions of EU law in relation to ESG factors.

The interesting topics and practical talks resulted in a consistently high number of Supervisory Board members participating in the Fit & Proper training courses, with an average attendance rate of around 89 per cent.

Consolidated and annual financial statements

The annual financial statements and the management report of Raiffeisen Bank International AG for the 2020 financial year were audited by KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft Vienna (KPMG). According to the final results of the audit, the auditor had no reason for objections and issued an unqualified auditor's report.

The consolidated financial statements, prepared by the Management Board pursuant to § 245a of the Austrian Commercial Code (UGB) in accordance with the provisions of the International Financial Reporting Standards issued by the International Accounting Standards Board mandatorily applicable on the reporting date, and the consolidated management report of RBI AG for the 2020 financial year were audited by KPMG and issued with an unqualified auditor's report.

The reports of the auditor of the financial statements and of the auditor of the consolidated financial statements were submitted to the Supervisory Board. The Audit Committee reviewed the 2020 annual financial statements including the management report and the 2020 consolidated financial statements and the consolidated management report and undertook preparations for the adoption of the annual financial statements by the Supervisory Board. The Supervisory Board reviewed all documents and also the Audit Committee's report. The Supervisory Board concurred with the 2020 annual financial statements and consolidated financial statements and approved the 2020 annual financial statements, which were thus adopted in accordance with § 96 (4) of the Austrian Stock Corporation Act (AktG).

Corporate Governance Report and non-financial report

The Supervisory Board also discussed the efficiency of its activities, its organization and work procedures in accordance with Rule 36 of the Austrian Corporate Governance Code, and a self-evaluation and efficiency assessment was conducted in cooperation with the Vienna University of Economics and Business.

The consistency check of the Corporate Governance Report according to § 243c of the UGB was performed by KPMG. For RBI, an independent consolidated non-financial report pursuant to § 267a UGB, which also contains the disclosures pursuant to § 243b UGB for the parent company, was prepared and audited by KPMG. This report was reviewed by the Supervisory Board in accordance with § 96 (1) of the AktG. There were no grounds for objections to either the Corporate Governance Report or the non-financial report.

Outlook for 2021

Despite an uncertain and challenging market environment due to the COVID-19 pandemic, the pursuit of sound and sustainable value creation in the interests of shareholders will again provide a clear roadmap for RBI's business policy decisions in 2021.

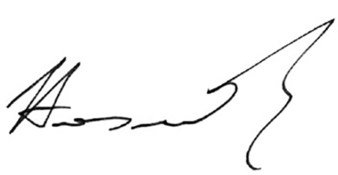
Focusing the product and service offering on customer needs is a key factor in ensuring that customer expectations are met at all times against a backdrop of dynamic competition. The transformational steps already underway will be consistently pursued in 2021 in line with RBI's strategic objective of becoming the most frequently recommended financial services provider by 2025. To support the digital transformation, RBI is investing in the expansion of an efficient and sustainable IT infrastructure. The Supervisory Board and Management Board are placing particular emphasis on the resilience and stability of RBI's IT systems, so that it is also able to successfully overcome future crisis scenarios.

In the 2021 financial year RBI also wants to drive organic growth forwards in its markets. In view of the still uncertain economic consequences of the COVID-19 pandemic for banks' capitalization and liquidity, as the government support programs are expected to expire in 2021, the Supervisory Board and Management Board adopt decisions on the basis of anticipatory and prudent risk management in the context of a conservative risk strategy. In accordance with the strategic considerations, growth potential will continue to be reviewed in the 2021 financial year. Inorganic growth always requires sound capitalization and liquidity in keeping with solvency requirements. Decisions are assessed holistically based on a careful consideration of profitability, risk and business policy parameters.

Given the continuing low interest rate environment to support the recovery of the real economy and the resulting difficult situation with respect to earnings, the existing approach of strict cost discipline will be maintained in order to increase profitability and achieve a sustainable cost structure for RBI. Internal processes will be continuously optimized and efficiency potential will be leveraged through effective cost management.

As central institution of the Austrian Raiffeisen Banking Group, in 2021 RBI will again contribute to the stability of the domestic banking sector and furthermore continue to fulfill its important role as a partner to the Austrian Raiffeisen Banking Group in the interests of customers.

On behalf of the Supervisory Board, I would like to thank the Management Board, under the leadership of Johann Strobl, and all employees of RBI for their exceptional commitment in managing the COVID-19 crisis in difficult circumstances. With its outstanding employees and the support of its shareholders, RBI will emerge stronger from the current crisis and in the spirit of solidarity of Raiffeisen's founder, Friedrich Wilhelm Raiffeisen, act as a reliable partner in assisting its customers in successfully overcoming these challenging times.



On behalf of the Supervisory Board
Erwin Hameseder, Chairman

Raiffeisen at a glance

Raiffeisen Bank International

RBI regards Austria, where it is a leading corporate and investment bank, as well as Central and Eastern Europe (CEE) as its home market. Subsidiary banks cover 13 markets across the region. In addition, the Group includes numerous other financial service providers active in areas such as leasing, asset management and M&A.

In total, around 45,000 RBI employees serve 17.2 million customers from more than 1,800 business outlets, the vast majority of which are in CEE. RBI AG shares have been listed on the Vienna Stock Exchange since 2005.

The regional Raiffeisen banks hold approximately 58.8 per cent of RBI shares, with the remaining approximately 41.2 per cent in free float.

RBI's markets

2020	Total assets in € million	Change[1]	Business outlets	Employees
Czech Republic	18,363	5.3%	127	3,138
Hungary	8,808	12.0%	72	2,279
Poland	2,774	(6.7)%	1	238
Slovakia	15,719	7.6%	167	3,580
Central Europe	**45,280**	**7.6%**	**368**	**9,244**
Albania	1,920	4.4%	76	1,285
Bosnia and Herzegovina	2,559	3.7%	103	1,268
Bulgaria	4,993	7.9%	140	2,536
Croatia	5,321	7.3%	75	1,818
Kosovo	1,159	9.2%	47	842
Romania	10,696	15.7%	337	5,115
Serbia	3,299	18.3%	86	1,480
Southeastern Europe	**29,897**	**10.8%**	**864**	**14,344**
Belarus	1,802	(13.7)%	79	1,690
Russia	15,838	(12.9)%	132	8,733
Ukraine	3,083	(1.8)%	393	6,559
Eastern Europe	**20,721**	**(11.4)%**	**604**	**16,982**
Group Corporates & Markets	**58,083**	**8.2%**	**21**	**3,099**
Corporate Center	**32,577**	**3.3%**	**–**	**1,745**
Reconciliation/other	(20,599)	–	–	–
Total	**165,959**	**9.0%**	**1,857**	**45,414**

1 Change in total assets compared to 31 December 2019 expressed in local currencies varies due to fluctuations in euro exchange rates.

The Raiffeisen Banking Group Austria (RBG)

The RBG is the country's largest banking group and has the densest branch network in Austria. In financing, it primarily serves small and mid-sized retail, service, industrial and commercial enterprises as well as the tourism and agriculture sectors. The RBG is organized into three tiers: the independent, local Raiffeisen banks (first tier), the eight independent regional Raiffeisen banks (second tier), and RBI AG (third tier).

The 342 Raiffeisen banks with their branches, as well as the regional Raiffeisen banks and specialist companies, make up a comprehensive and extensive banking network. The Raiffeisen banks are universal banks that provide a full range of banking services and are also the owners of their respective regional bank.

The regional Raiffeisen banks (Raiffeisen Landesbanken and Raiffeisenverband) provide liquidity balancing and other central services for the Raiffeisen banks in their area of activity. In turn, the regional Raiffeisen banks are connected to RBI AG as the central institution of the RBG.

Statutory deposit insurance system

Austria has had a new sector-wide statutory deposit insurance (Einlagensicherung) system in place since 1 January 2019. All members of RBG have joined the new Einlagensicherung AUSTRIA Ges.m.b.H. Detailed information can be found under www.einlagensicherung.at.

Raiffeisen Customer Guarantee Scheme Austria (RKÖ)

In 1999, the Raiffeisen Customer Guarantee Scheme Austria (Raiffeisen-Kundengarantiegemeinschaft Österreich – RKÖ) was established as a sign of mutual support within the RBG. The members of the RKÖ at federal level consist of six regional customer guarantee associations and RBI AG. Currently, local Raiffeisen banks from six federal states, six regional Raiffeisen banks and RBI AG have joined forces in the RKÖ. If required, the economic reserves of the participating banks will be drawn upon in a legally binding manner. From such funds, the customers are then offered recoverable claims against other RBG institutions.

In view of the change in the legal and regulatory framework and implementation of Institutional Protection Schemes, the RKÖ and its respective member institutions have decided to discontinue the scheme for new transactions. Accordingly, the supplementary protection by RKÖ was only granted to protected transactions entered by 30 September 2019. The rights of customers with regard to statutory deposit insurance are not affected and remain fully in place.

Institutional protection schemes (IPS)

From 2013, it has been possible to establish new mutual support structures on the basis of the new – henceforth European – banking legislation. Therefore, various institutional protection schemes have been established within the RBG since the end of 2013. Contractual or statutory liability arrangements were also entered into, under which the parties ensure one another's security and, in particular, join forces to ensure liquidity and solvency when required. The institutional protection schemes are based on uniform, joint risk monitoring within an early warning system pursuant to Article 113 (7) CRR (Capital Requirements Regulation of the European Union). The institutional protection schemes were designed with two levels (currently one federal IPS and six regional IPS) to reflect RBG's organizational structure.

RBI AG is a member of the federal IPS as RBG's central institution. Its members, in addition to the regional Raiffeisen banks, include: Raiffeisen-Holding Niederösterreich-Wien regGenmbH, Posojilnica Bank eGen (formerly ZVEZA Bank), Raiffeisen Wohnbaubank AG, and Raiffeisen Bausparkasse GmbH. The federal IPS is itself subject to regulatory requirements. It was within this framework that the responsible supervisory authorities, the European Central Bank (ECB) and Austrian Financial Market Authority (FMA), granted authorizations under which, among other things, receivables between federal IPS members may be risk weighted at zero per cent. This also involves joint regulatory supervision. Capital requirements must be met on a consolidated basis at federal IPS level.

Comparable mutual support structures apply to the members of the regional IPS. The institutional protection schemes hence supplement the RBG system of mutual assistance that comes into effect if a member experiences economic difficulty.

On 21 December 2020, RBI, the regional Raiffeisen banks and Raiffeisen banks filed applications with the Austrian Financial Market Authority and the ECB to: (i) create a new institutional protection scheme (Raiffeisen IPS) consisting of RBI, the regional Raiffeisen banks and the Raiffeisen banks and (ii) accede to a cooperative under the name of "Österreichische Raiffeisen-Sicherungseinrichtung eGen" for the purpose of the statutory (Austrian) deposit guarantee scheme within the meaning of the Austrian Deposit Guarantee and Investor Protection Act (Einlagensicherungs- und Anlegerentschädigungsgesetz). In order to be able to form a separate deposit guarantee scheme it is required that all members of the scheme are also direct members of a single institutional protection scheme, such as, in this case, the Raiffeisen IPS yet to be founded. The Raiffeisen IPS is intended to ultimately replace the existing Federal IPS. However, as of the editorial deadline for the 2020 Annual Report, it is not possible to predict whether such approval will be received or whether additional conditions will be imposed or whether such additional conditions would be agreed. Should the approval be received, and conditions agreed, the above-mentioned applicants will subsequently leave the Einlagensicherung Austria (ESA) according to the provisions of the Austrian Deposit Guarantee and Investor Protection Act.

Liquidity groups

Pursuant to Section 27a of the Austrian Banking Act (Bankwesengesetz - BWG), credit institutions affiliated to a central institution are required to hold a liquidity reserve with that central institution in order to protect financial market stability. There are liquidity groups established at both state and federal level; RBI is the central institution at federal level. There are corresponding contractual arrangements, in place for the respective liquidity groups, which cover potential utilization for in the event that this is necessary, as well as liquidity contingency plans which are also subject to regular tests.

RBI's strategy

Vision 2025: The most recommended financial services group

RBI is a leading universal banking group in CEE and corporate and investment bank in Austria. It provides financial services to retail and corporate customers, as well as to banks and other institutional clients. RBI continues to focus on the CEE region, which offers structurally higher growth rates than Western Europe and therefore more attractive potential returns. With the specialist institutions it owns in Austria, each with a strong market position, RBI is broadly diversified and also benefits from the opportunities in the Austrian market.

In response to the profound and rapid developments within the industry and changing customer expectations, RBI defined a new strategic direction in 2019, which it set out in its Mission & Vision 2025. Although the financial sector is currently faced with an extremely challenging market environment, RBI is convinced all the more that the focus areas identified in the determination of the strategic direction in 2019 are the right ones.

RBI's Vision is based on growth through customer centricity and digital transformation, with the goal of becoming the most recommended financial services group by 2025. This is to be achieved by making customers' lives easier through continuous innovation and a superior customer experience (RBI's Mission) and providing a stress-free, effortless banking experience, as well as excellent products and services. In addition to leveraging RBI's established competitive strengths (customer focus and long-term relationships, extensive local presence in the CEE region, strong brand, as well as a comprehensive product and service offering across all channels), efforts are being intensified in the following strategic areas:

- Sales and service model: Transformation of branches and expansion of digital acquisition of retail and small business customers, redesign of sales and service models for large corporate and institutional clients, development of dedicated customer experience management across business lines
- Digital operational excellence: Improved efficiency and effectiveness through digitalization and automation; fundamental redesign of important customer touchpoints and processes
- Group-wide innovation and scalable product solutions: Pooling of Group-wide development resources to strengthen the digital product offering
- Data and analytics capabilities: Utilization of artificial intelligence and advanced analytics to develop new business opportunities and optimize processes
- IT architecture: Transformation of core IT into a modular and scalable architecture, evaluation of new infrastructure options, especially for digital retail banking
- Adaptive organizational structure: Transformation of culture, organization and processes to enable faster responsiveness, improved collaboration and new methods of working

Aside from the strong focus on digital transformation and scalability, cost efficiency constitutes another important aspect of RBI's strategy. It is planned to sustainably improve the cost structure and profitability by means of standardization, automation and process optimization, as well as the centralization and further optimization of the business model.

Based on the overall Group strategy, each client segment is following its own individual business strategy aimed at differentiating RBI in terms of customer experience, in order to contribute step by step towards RBI's goal of being the most recommended financial services group. In the context of its Vision, RBI aims to already be the most recommended bank in the majority of its markets by the end of 2021, in retail and corporate banking business and in servicing institutional clients, as measured by the number of recommendations (Net Promoter Score (NPS)).

Retail banking

RBI provides services to around 17.1 million retail, private banking and small business customers in CEE, offering a broad product range (e.g. account packages, clearing, settlement and payment services, consumer finance, mortgage loans and investment products).

As a result of changes in customer behavior, demand for digital solutions is increasing and consequently distribution channels must be optimized and adapted to the changed customer requirements. Therefore, the strategic focus of RBI's retail banking area is on further expansion of digital banking capabilities in order to realize the ambition of solid retail customer growth. In addition, a new initiative was launched to drive digitization forwards in the area of investment products including funds, bonds and certificates and enhance the retail client experience.

In order to respond to these customer requirements more quickly and innovatively, going forwards RBI will centrally develop standard products on a digitalized basis and make them available to its subsidiary banks. The pooling of these resources should lead to a further increase in customer usage and higher efficiency in the development process. The aim is to significantly improve the adoption rate of these digital channels and in particular to increase usage of mobile banking from 43 per cent in 2020 (2019: 32 per cent) to 55 per cent by 2021. Additionally, it is planned to exploit the potential of new technologies and data analytics to a greater extent in order to provide a superior customer experience for all retail customers.

In 2020, RBI achieved the number one position in the NPS survey in 6 of its 13 markets. This constitutes a significant step towards RBI's goal of being the most recommended bank in the majority of its markets by the end of 2021.

Corporate clients

RBI services around 100,000 corporate clients across CEE (including medium-sized businesses, large local companies, international corporations and local authorities). All activities in the corporate customer area are guided by the Vision of being the most recommended corporate customer bank.

Supported by extensive local market expertise and strong advisory capabilities, RBI concentrates on building long-term business partnerships and strives to provide its customers with solutions oriented towards their needs.

In addition, strategic focus is placed on developing new cross-border financial services for clients across the CEE region; improving the customer experience across all processes by redesigning the most important customer touchpoints (e.g. KYC, account opening, online banking); expanding the convenient digital product and service offering; faster information flows and shorter decision-making processes; as well as focusing on responsible businesses/strengthening the sustainability concept as an important factor for success (including respective products and advisory services).

The corporate customer business proved to be highly resilient to crisis during the year. As less than 5 per cent of the corporate customer portfolio is comprised of weaker-rated customers in COVID-19 most-impacted industries, RBI increased asset volumes relative to the prior year. Despite the strategic and operational challenges, RBI was able – also in 2020 – to make further progress towards its Vision of becoming the most recommended corporate customer bank with the launch of new digital customer solutions (e.g. eKYC, eFinance or Cross Border Account Opening in Austria). Furthermore, RBI significantly improved its NPS position in 2020 and was ranked number one in 9 out of 14 markets, up from 4 out of 14 markets in 2019.

Institutional clients

For RBI's institutional clients, the primary focus is on the further development of digital products to improve the customer experience. During the COVID-19 crisis, RBI launched a new monthly newsletter and website including webinars, information on research, products and services, which proved popular among customers. In 2020, RBI's client relationship strength was reflected in the number one ranking in the NPS survey in Austria, Romania and Hungary. The main functionalities of the foreign exchange platform (R-Flex) were successfully developed in 2020 and will be rolled out in 2021, starting with Romania.

The optimization of the capital markets trading and sales architecture, as well as the investment banking setup, also remain areas of high strategic importance. The investment banking division recorded good results in the reporting year, arranging 53 Eurobonds and improving its CEE Eurobond league table ranking.

RBI in the capital markets

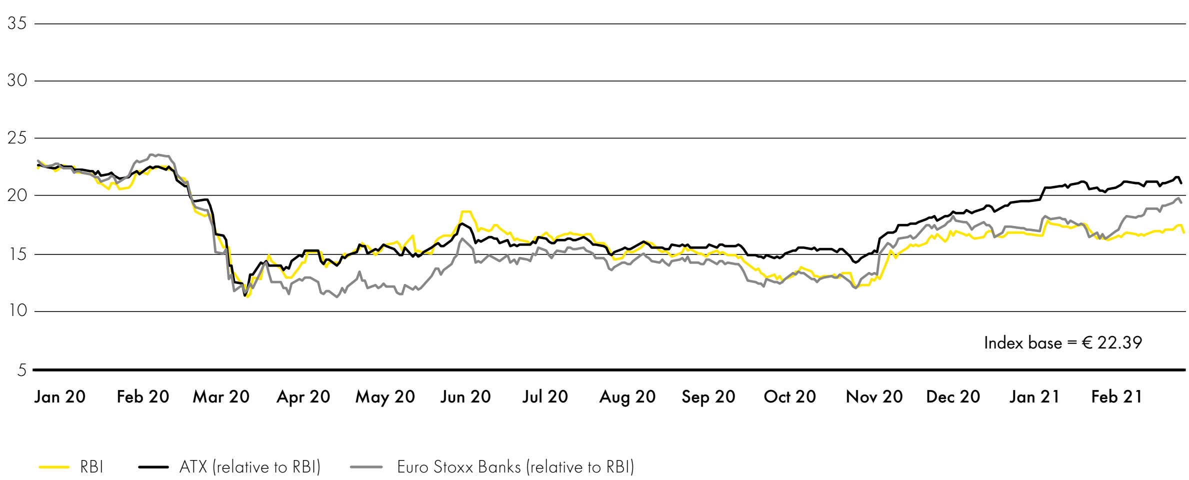
Performance of RBI stock

While European and US stock markets were still posting gains at the beginning of the year, with some even reaching new all-time highs, the trend came to an abrupt end in the middle of February due to the rapid spread of COVID-19 across Europe and the US. The expansion of the pandemic led to panic selling and losses of historic proportions in the financial markets. It was only after the implementation of severe restrictions on public activities and an extensive shutdown of non-essential shops and businesses with customer footfall that the rate of new cases started to gradually decline. The measures intended to contain the rate of infection were accompanied by unprecedented monetary support and aid programs, which were initiated by governments in order to mitigate the worst economic consequences for companies and private individuals. This eventually reassured the financial markets and from the middle of March, following the sharp falls in stock markets, a broad-based recovery began and the losses incurred in the interim were significantly reduced. The main drivers were the significant reduction in the growth rate of new COVID-19 cases and the subsequent easing of economic lockdown restrictions.

In the third quarter, key indicators pointed to a significant economic recovery. However, share prices declined in Autumn, primarily due to a resurgence of COVID-19 cases in many countries around the globe and the beginning of a second wave of the pandemic. Fears over further lockdown measures and economic restrictions again became reality for many European countries at the end of the year. A delay in the economic recovery, which had only just begun to manifest itself, and a further financial burden on businesses and public finances are likely to ensue. Despite the setback to the economic recovery, the approval of the first vaccines and the beginning of vaccination programs in a number of countries towards the end of the year gave rise to optimism in the financial markets, resulting in a further increase in share prices.

Price performance since 1 January 2020 compared to ATX and Euro Stoxx Banks

in €



Although European banks, for the most part, have come through the crisis well so far given the challenging environment, their share prices were negatively impacted by the significant rise in risk costs during the year. The imposition of new EU sanctions against Russia and concerns over an associated worsening of mutual relations also weighed on RBI's share price. After starting 2020 at € 22.39, the first day of trading saw the high for the year of € 22.92. The share price then moved in line with other European banks for the remainder of the year, recovering in particular towards the end of the year compared to its annual low of € 11.25 on 18 March 2020. At year-end, the share price closed down 25.5 per cent at € 16.68. The Austrian Stock Exchange (ATX) was down 12.8 per cent and the European bank index (EURO STOXX Banks) was down 23.7 per cent.

As at the editorial deadline for this report on 26 February 2021, RBI's share price was € 16.82. The share price was therefore relatively unchanged compared to the end of 2020. The ATX and the EURO STOXX Banks were up 8 per cent and 14 per cent respectively over the same period.

At year-end 2020, the market capitalization was € 5.5 billion. The number of shares issued remained unchanged at 328,939,621.

Stock data and details

Share price as at 31 December 2020	€ 16.68
High/Low (closing share price) 2020	€ 22.92/€ 11.25
Earnings per share 2020	€ 2.22
Book value per share as at 31 December 2020	€ 35.98
Market capitalization as at 31 December 2020	€ 5.5 billion
Average daily trading volume (single count) 2020	669,564 shares
Free float as at 31 December 2020	approximately 41.2%
ISIN	AT0000606306
Ticker symbols	RBI (Vienna Stock Exchange)
	RBI AV (Bloomberg)
	RBIV.VI (Reuters)
Market segment	Prime Market
Number of shares issued as at 31 December 2020	328,939,621

Shareholder structure

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

RBI rating

Last year, RBI continued to be rated by Moody's Investors Service and Standard & Poor's. In order to ensure an accurate assessment, RBI maintains regular contact with rating agency analysts and informs them about current developments in its business.

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+

Annual General Meeting and dividend proposal

The Annual General Meeting for the 2019 financial year, which was originally scheduled for 18 June 2020, took place on 20 October 2020. This was due to the ongoing restrictions on personal contact and gatherings. The Annual General Meeting was conducted as a purely virtual event for the first time in order to protect the health of all participants. Shareholders took advantage of the opportunity to participate via RBI's web-based AGM portal. All resolution proposals on the agenda were passed by a large majority. The original dividend payment proposal was not voted upon, in line with the ECB recommendation to pay no dividends until 1 January 2021. With increased loan volumes since the beginning of the year, RBI could contribute to the strengthening of the economy and its customers. At the same time, RBI's financial strength would have facilitated a dividend payment in 2020. Nevertheless, RBI decided to follow the ECB's recommendation and the net profit for 2019 was carried forward. In consideration of the ECB recommendation at the end of 2020, the RBI Management Board will propose a dividend of € 0.48 per share to the Annual General Meeting (planned for 22 April 2021).

Capital market communication

Following the release of the preliminary figures on 6 February 2020, RBI published its 2019 Annual Report on 18 March 2020. This was accompanied by a conference call held by RBI's Management Board with around 330 participants. Due to the ongoing restrictions on gatherings in Austria, the usual in-person meetings in Vienna, in which the annual results are discussed with members of the press, investors and analysts, were conducted through conference calls or video conferences.

The normally diverse opportunities to obtain information in personal meetings during roadshows and conferences were also impacted by the measures related to the COVID-19 pandemic. While personal meetings were still being held up to the middle of February in Frankfurt, London and Zurich, thereafter RBI instead offered analysts, equity and debt investors regular discussions with the CEO and CRO as well as Investor Relations via telephone or video conferences. These were either in a one-on-one format, small groups or larger virtual conferences with open Q&A sessions. This practice has been employed since the publication of the 2019 Annual Report in the middle of March 2020 and will be maintained until further notice for the protection of employees and other meeting participants.

The aim of RBI's Investor Relations activities is to ensure a high level of transparency for market participants – also during the current situation – through use of flexible and innovative information formats.

Recurring central themes for investors and analysts in 2020 were the macroeconomic outlook for CEE and the resulting potential impact on business performance and credit risk. The discussions also frequently covered margins and cost development, the capital position, the planned dividend payment and the most recent geopolitical tensions in relation to Russia.

A total of 20 equity analysts and 22 debt analysts (as of 31 December 2020) regularly provide investment recommendations on RBI.

RBI continuously strives to keep market participants fully informed. In the interest of making its communications as easily accessible and widespread as possible, RBI makes conference call presentations and other important events available as online webcasts. These can be viewed online at any time at www.rbinternational.com → Investors.

New issues

On 9 June 2020, RBI issued a € 500 million subordinated tier 2 benchmark bond with a maturity of 12 years (non-callable for the first 7 years) and a coupon of 2.875 per cent, corresponding to a spread of 315 basis points over mid-swaps.

Strong demand from institutional investors led to a significant level of over-subscription, with an order volume in excess of € 1 billion. The successful transaction had a positive impact on RBI's tier 2 and total capital ratios in terms of the regulatory capital requirements.

On 22 July 2020, RBI placed € 500 million of perpetual additional tier 1 capital (AT1). This was RBI's third issuance of AT1 capital since 2017 and further optimized its capital structure and its compliance with Pillar 1 and Pillar 2 capital requirements.

The security has an annual coupon of 6.00 per cent until December 2026, which will be reset thereafter. With demand of € 1.6 billion, the order book was significantly oversubscribed and met with a high level of interest from investors, primarily in the UK, continental Europe and Asia.

These successful issuances once again highlight that RBI is seen as an attractive issuer in the international capital markets.

Financial Calendar 2021

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

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Corporate Governance Report

This Corporate Governance Report combines the Corporate Governance Report of RBI AG and the consolidated Corporate Governance Report of RBI pursuant to § 267b of the Austrian Commercial Code (UGB) in conjunction with § 251 (3) of the UGB.

RBI attaches great importance to responsible and transparent business management in order to maintain the understanding and confidence of its various stakeholders – not least of capital market participants. Hence, RBI is committed to adhering to the Austrian Corporate Governance Code (ACGC) as laid out in the version dated January 2020. The ACGC is publicly available on the Austrian Working Group for Corporate Governance website (www.corporate-governance.at) and on the RBI website (www.rbinternational.com → Investors → Corporate Governance and Remuneration Policy). In addition to RBI, its subsidiary bank Tatra banka, a.s., as a listed company, is obliged to publish a corporate governance report due to local statutory requirements. This report is published with the annual report and can be downloaded from the Tatra banka website (www.tatrabanka.sk → About bank → Economic results → Annual Reports). RBI has no further subsidiaries which are required to publish a corporate governance report.

Governance structure of RBI

RBI follows a large number of legal standards and other requirements that govern its actions internally and vis-à-vis third parties. The legal framework ranges from numerous relevant regulations, directives, delegated acts of law, and implementing acts on the European level, through to national laws and regulations, and guidelines, notices and recommendations of responsible supervisory authorities and code of conducts of further institutions.

Regulatory requirements for a supervised entity: major banks based in the European Union must adhere to, for example, the Capital Requirements Regulation (CRR) and Capital Rights Directive (CRD), the EU's Anti-money laundering Directive (AMLD), the revised Markets in Financial Instruments Directive (MiFID II), and the Payment Services Directive (PSD 2). On a national level, there are numerous further relevant Austrian laws such as the Austrian Banking Act (BWG), Austrian Stock Corporation Act (AktG), Austrian Securities Supervision Act (WAG), and the Austrian Payment Services Act (ZaDiG). Together, these form the legal framework and thus significantly impact RBI's process procedures.

In addition to the regulatory requirements, and also building on them, RBI has its own internal **Code of Conduct** (CoC). The CoC - and the values laid out in 2019, described further below, to achieve the Vision & Mission - forms the bedrock of a corporate culture based on integrity and ethical principles. According to the CoC, RBI commits itself to sustainable corporate management and the associated social and environmental responsibilities. All employees are required to abide by the CoC in internal dealings and when in contact with customers or other stakeholders. The CoC thus safeguards that RBI's high standards for employees' business and ethical conduct are met. To ensure this, all RBI governance documents must be in accordance with the principles laid out in the CoC: www.rbinternational.com/en/who-we-are/facts-figures/code-of-conduct.html.

Building on the regulatory requirements and CoC, the **Group internal policies & processes** ensure compliant behavior. The policies and processes make up RBI Group's company law and their documentation and review are essential prerequisites for compliance with legal requirements. Through the Group Policy Framework, which targets all RBI employees, governance across the Group is also assured. The Group Policy Framework lays out necessary rules for this, provides an overview of roles and responsibilities, and sets standards for the monitoring and implementation of the policies.

In 2019, to further continue RBI's success story, RBI set an ambitious goal in its **Vision** 2025 – we are the most recommended financial services group – to be fulfilled by following its **Mission** – we transform continuous innovation into superior customer experience. The Mission has four **Values** - collaboration, proactivity, learning, and responsibility – which were defined as an especially important part of the implementation and achievement of the goal of RBI's Vision.

The Strategic Roadmap was developed from the Mission statement in a comprehensive process involving many employees. This multi-year roadmap categorizes the main strategic goals in concrete and measurable individual initiatives. These are each set for a period of two years with their progression evaluated on a quarterly basis and discussed at senior management level. The roadmap ensures that all employees can have a clear picture of contributions to be made towards achieving the overarching goal (Vision 2025).

Transparency is a key corporate governance issue and is therefore of particular importance to RBI. This Corporate Governance Report is structured according to the legal provisions contained in § 243c of the UGB and is based on the structure set forth in Appendix 2a of the ACGC.

As a result of the 2020 revision of the ACGC, the total remuneration of the individual Management Board members (§ 239 (1)4 lit. a UGB) and principles of remuneration policy (§ 243c (2)3 UGB) are presented in a separate remuneration report according to § 78c AktG.

The remuneration report will be presented for resolution to the Annual General Meeting on 22 April 2021 and published on the website in a timely manner before the Annual General Meeting.

The ACGC is subdivided into L, C and R Rules. L Rules are based on compulsory legal requirements. C Rules (Comply or Explain) should be observed; any deviation must be explained and justified in order to ensure conduct that complies with the ACGC. R Rules (Recommendations) have the characteristics of guidelines; non-compliance does not need to be reported or justified. RBI deviates from the C Rules below, but conducts itself in accordance with the ACGC on the basis of the following explanations and justifications:

C Rule 45: non-competition clause for members of the Supervisory Board

RBI AG is the central institution of the Raiffeisen Banking Group Austria (RBG). Within RBG, RBI AG serves as the central institution (as defined by § 27a of the BWG) of the regional Raiffeisen banks and other affiliated credit institutions. Some members of the Supervisory Board in their function as shareholder representatives also hold executive roles in RBG banks. Consequently, comprehensive know-how and extensive experience specific to the industry can be applied in exercising the control function of the Supervisory Board, to the benefit of the company.

C Rule 52a: The number of members on the Supervisory Board (without employees' representatives) shall be ten at most

The Supervisory Board currently consists of twelve members: nine core shareholder representatives for RBG and three free float representatives. This higher number of members was based on a resolution passed by the Annual General Meeting on 22 June 2017. It provides the Supervisory Board with additional industry knowledge, more diversity, and further strengthens its ability to exercise its control function.

In accordance with C Rule 62 of the ACGC, RBI AG commissioned KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, Vienna (KPMG) to conduct an external evaluation of compliance with the C Rules of the ACGC. The report on this external evaluation is publicly available at www.rbinternational.com → Investors → Corporate Governance and Remuneration Policy → External Evaluation of the CG Code.

Composition of the Management Board

As at 31 December 2020, the Management Board consisted of the following members:

Management Board member	Year of birth	Original appointment	End of term
Johann Strobl, Chairman	1959	22 September 2010[1]	28 February 2022
Andreas Gschwenter	1969	1 July 2015	30 June 2023
Lukasz Januszewski	1978	1 March 2018	28 February 2026
Peter Lennkh	1963	1 October 2004	31 December 2025
Hannes Mösenbacher	1972	18 March 2017	28 February 2025
Andrii Stepanenko	1972	1 March 2018	28 February 2026

1 Effective as of 10 October 2010

The number of members of RBI AG's Management Board was reduced from seven to six when Martin Grüll's Management Board mandate expired at the end of February 2020. The Management Board areas of responsibility have been reorganized, thereby utilizing potential to streamline the organization (see also: Division of responsibilities and functions of the Management Board).

After discussing the respective function descriptions and requirements as a basis for the succession and recruiting process and evaluating the performance of the relevant Management Board members whose terms were approaching expiry, the Nomination Committee recommended that the Supervisory Board re-elect Peter Lennkh, Andrii Stepanenko and Lukasz Januszewski. The Supervisory Board extended the mandates of Peter Lennkh at its meeting on 17 June 2020, and of Andrii Stepanenko and Lukasz Januszewski at its meeting on 2 December 2020, for another five years.

Members of the Management Board held supervisory board seats or comparable functions in the following domestic and foreign companies that are not included in the consolidated financial statements:

Johann Strobl	UNIQA Insurance Group AG, 2nd Deputy Chairman (since 25 May 2020), UNIQA Österreich Versicherungen AG, Member (since 25 May 2020) Oesterreichische Kontrollbank Aktiengesellschaft, 1st Deputy Chairman (since 27 May 2020)
Andreas Gschwenter	RSC Raiffeisen Service Center GmbH, Austria, Deputy Chairman Raiffeisen Informatik Geschäftsführungs GmbH, Deputy Chairman
Peter Lennkh	Oesterreichische Kontrollbank Aktiengesellschaft, Member

In addition to the management and governance of RBI AG, the members of the Management Board performed supervisory and managerial duties at the following material subsidiaries as supervisory board members in the 2020 financial year:

	Supervisory Board mandate
Johann Strobl	AO Raiffeisenbank, Russia, Chairman Raiffeisen Bank S.A., Romania, Chairman Raiffeisenbank a.s., Czech Republic, Member Tatra banka, a.s., Slovakia, Member
Andreas Gschwenter	Raiffeisenbank Austria d.d., Croatia, Chairman Raiffeisen Bank Zrt., Hungary, Chairman RSC Raiffeisen Service Center GmbH, Austria, Deputy Chairman Raiffeisen Informatik Geschäftsführungs GmbH, Austria, Deputy Chairman AO Raiffeisenbank, Russia, Member Raiffeisen Bank S.A., Romania, Member Raiffeisenbank a.s., Czech Republic, Member Tatra banka, a.s., Slovakia, Member
Lukasz Januszewski	Raiffeisen Centrobank AG, Austria, Chairman Raiffeisen Bank Aval JSC, Ukraine, Chairman Raiffeisen Kapitalanlage-Gesellschaft m. b. H., Austria, Deputy Chairman AO Raiffeisenbank, Russia, Member Raiffeisen Bank S.A., Romania, Member Tatra banka, a.s., Slovakia, Member
Peter Lennkh	Raiffeisen banka a.d., Serbia, Chairman Raiffeisen Bank Kosovo J.S.C., Kosovo, Chairman Raiffeisen Bank Sh.A., Albania, Chairman Raiffeisenbank (Bulgaria) EAD, Bulgaria, Chairman Raiffeisenbank a.s., Czech Republic, Deputy Chairman AO Raiffeisenbank, Russia, Member Raiffeisen Bank S.A., Romania, Member Tatra banka, a.s., Slovakia, Member
Hannes Mösenbacher	Raiffeisen Centrobank AG, Austria, Deputy Chairman AO Raiffeisenbank, Russia, Member Raiffeisen Bank S.A., Romania, Member Raiffeisenbank a.s., Czech Republic, Member Tatra banka, a.s., Slovakia, Member
Andrii Stepanenko	Priorbank JSC, Belarus, Chairman Raiffeisen Kapitalanlage-Gesellschaft m. b. H., Austria, Chairman Tatra banka, a.s., Slovakia, Chairman Kathrein Privatbank Aktiengesellschaft, Austria, Chairman AO Raiffeisenbank, Russia, Member Raiffeisenbank a.s., Czech Republic, Member Raiffeisen Bank Aval JSC, Ukraine, Member Raiffeisen Bank S.A., Romania, Member Raiffeisen Centrobank AG, Austria, Member

Composition of the Supervisory Board

As at 31 December 2020, the Supervisory Board comprised:

Supervisory Board member	Year of birth	Original appointment	End of term
Erwin Hameseder Chairman	1956	8 July 2010[1]	Annual General Meeting 2025
Martin Schaller 1st Deputy Chairman	1965	4 June 2014	Annual General Meeting 2024
Heinrich Schaller 2nd Deputy Chairman	1959	20 June 2012	Annual General Meeting 2022
Klaus Buchleitner	1964	26 June 2013	Annual General Meeting 2025
Peter Gauper	1962	22 June 2017	Annual General Meeting 2022
Wilfried Hopfner	1957	22 June 2017	Annual General Meeting 2022
Rudolf Könighofer	1962	22 June 2017	Annual General Meeting 2022
Reinhard Mayr	1954	20 October 2020	Annual General Meeting 2025
Heinz Konrad	1961	20 October 2020	Annual General Meeting 2025
Eva Eberhartinger	1968	22 June 2017	Annual General Meeting 2022
Andrea Gaal	1963	21 June 2018	Annual General Meeting 2023
Birgit Noggler	1974	22 June 2017	Annual General Meeting 2022
Rudolf Kortenhof[2]	1961	10 October 2010	Until further notice
Peter Anzeletti-Reikl[2]	1965	10 October 2010	Until further notice
Gebhard Muster[2]	1967	22 June 2017	Until further notice
Helge Rechberger[2]	1967	10 October 2010	Until further notice
Susanne Unger[2]	1961	16 February 2012	Until further notice
Natalie Egger-Grunicke[2]	1973	18 February 2016	Until further notice

1 Effective as of 10 October 2010
2 Delegated by the Staff Council

Johannes Ortner resigned from his function with effect from 18 June. Günther Reibersdorfer resigned from his Supervisory Board function with effect from the end of the company's Annual General Meeting on 20 October 2020. They were succeeded by Reinhard Mayr and Heinz Konrad.

Natalie Egger-Grunicke resumed her Supervisory Board functions from Sigrid Netzker on 1 January after returning from parental leave.

The Supervisory Board has 18 members, five of which are women.

Independence of the Supervisory Board

The Supervisory Board of RBI AG, in accordance with and taking into consideration C Rule 53 and Appendix 1 of the ACGC, has specified the following criteria for the independence of the members of the company's Supervisory Board:

- The Supervisory Board member shall not have been a member of the Management Board or a senior executive of the company or one of its subsidiaries in the past five years.
- The Supervisory Board member shall not have, or have had in the previous year, any significant business relationships with the company or a subsidiary of the company. This also applies to business relationships with companies in which the Supervisory Board member has a significant financial interest, albeit not with regard to carrying out executive functions within the Group. The approval of individual transactions by the Supervisory Board according to L Rule 48 of the ACGC does not automatically lead to a non-independent qualification.
- The exercise of functions within the Group or merely exercising the function of a management board member or senior executive by a Supervisory Board member does not, as a rule, lead to the company concerned being regarded as a company in which a Supervisory Board member has a significant financial interest, to the extent that circumstances do not support the presumption that the Supervisory Board member derives a direct personal advantage from doing business with the company.

- The Supervisory Board member shall not have been an auditor of the company, nor a stakeholder in or employee of the auditing company in the previous three years.
- The Supervisory Board member shall not be a member of the management board of another company in which a Management Board member of the company is a member of the supervisory board.
- The Supervisory Board member shall not be part of the Supervisory Board for longer than 15 years. This does not apply to Supervisory Board members who are shareholders with business interests in the company, or who represent the interests of such shareholders.
- The Supervisory Board member shall not be a close relative (direct descendant, spouse, partner, father, mother, uncle, aunt, brother, sister, nephew, niece) of a member of the Management Board or of persons who meet one of the criteria described in the preceding points.

In accordance with the criteria listed above for the independence of Supervisory Board members, all RBI AG Supervisory Board members are considered independent.

Eva Eberhartinger, Birgit Noggler and Andrea Gaal are free float representatives on the Supervisory Board of RBI AG according to C Rule 54 of the ACGC. These members of the Supervisory Board are neither shareholders with a shareholding of greater than 10 per cent, nor do they represent the interests of such shareholders.

Members of the Supervisory Board had the following additional supervisory board mandates or comparable functions in domestic and foreign stock exchange listed companies from 1 January to 31 December 2020:

Erwin Hameseder	AGRANA Beteiligungs-Aktiengesellschaft, Austria, Chairman STRABAG SE, Austria, Deputy Chairman Südzucker AG, Germany, 2nd Deputy Chairman UNIQA Insurance Group AG, Austria, 2nd Deputy Chairman (until 25 May 2020)
Heinrich Schaller	voestalpine AG, Austria, Deputy Chairman AMAG Austria Metall AG, Austria, Deputy Chairman
Klaus Buchleitner	BayWa AG, Germany, Deputy Chairman AGRANA Beteiligungs-Aktiengesellschaft, Austria, Deputy Chairman
Birgit Noggler	Semperit AG Holding, Austria, Member

In addition to their functions as members of RBI AG's Supervisory Board, the following members also held supervisory board mandates at material subsidiaries during this period:

Erwin Hameseder	LEIPNIK-LUNDENBURGER INVEST Beteiligungs Aktiengesellschaft, Austria, Chairman
Klaus Buchleitner	LEIPNIK-LUNDENBURGER INVEST Beteiligungs Aktiengesellschaft, Austria, Member

No management functions at RBI AG's material subsidiaries were undertaken by Supervisory Board members.

The Supervisory Board, both in its entirety and in its committees, has the necessary knowledge and experience commensurate with the type, scope and complexity of RBI's business and its risk structure.

Composition of the Committees

The procedural rules of the Supervisory Board govern its organization and allocate particular tasks to the Working, Risk, Audit, Remuneration, Nomination, Personnel and Digitalization Committees. These committees comprised the following members as at 31 December 2020:

	Working-Committee	Risk-Committee	Audit-Commitee	Remuneration-Committee	Nomination Committee	Personnel-Committee	Digitalization-Committee[1]
Chairman	Erwin Hameseder	Birgit Noggler	Eva Eberhartinger	Erwin Hameseder	Erwin Hameseder	Erwin Hameseder	Andrea Gaal
1st Deputy Chairman	Heinrich Schaller	Martin Schaller	Erwin Hameseder	Heinrich Schaller	Heinrich Schaller	Heinrich Schaller	Martin Schaller
2nd Deputy Chairman	Martin Schaller	Erwin Hameseder	Heinrich Schaller	Martin Schaller	Martin Schaller	Martin Schaller	–
Member	Andrea Gaal	Heinrich Schaller	Reinhard Mayr	Eva Eberhartinger	Rudolf Könighofer	Rudolf Könighofer	Rudolf Könighofer
Member	Birgit Noggler	Eva Eberhartinger	Andrea Gaal	Andrea Gaal	Andrea Gaal	Andrea Gaal	Reinhard Mayr
Member	–	Andrea Gaal	Birgit Noggler	Birgit Noggler	Birgit Noggler	Birgit Noggler	–
Member	Rudolf Kortenhof	Rudolf Kortenhof	Rudolf Kortenhof	Rudolf Kortenhof	Rudolf Kortenhof	–	Rudolf Kortenhof
Member	Peter Anzeletti-Reikl	Peter Anzeletti-Reikl	Peter Anzeletti-Reikl	Peter Anzeletti-Reikl	Peter Anzeletti-Reikl	–	Peter Anzeletti-Reikl
Member	Susanne Unger	Susanne Unger	Susanne Unger	Susanne Unger	Susanne Unger	–	–

1 The newly established Digitalization Committee did not meet during the financial year

There are seven Committees. The Audit Committee, Remuneration Committee and Risk Committee, all consist of one-third core shareholder representatives, one-third free float representatives, and one-third employee representatives. There are women in all of the Committees, and three of the Committees are chaired by women.

Birgit Noggler, as the Chairman of the Risk Committee, satisfies the legal standards, expert qualifications and independence requirements set out in § 39d (3) of the BWG. In addition to serving as the Chairman of the Risk Committee, her principal occupation is the provision of tax advisory services. She was the Chief Financial Officer of Immofinanz AG from 2011 to 2016 and held management positions at Immofinanz AG from 2007 to 2011. Birgit Noggler has worked in accounting from the beginning of her professional career and therefore has extensive expertise in this field. In addition to her mandate at Semperit Aktiengesellschaft Holding, Birgit Noggler also holds supervisory board mandates at B & C Industrieholding GmbH and NOE Immobilien Development GmbH.

According to § 63a (4) of the BWG, one member of the Audit Committee must be a financial expert. This requirement is fulfilled by Eva Eberhartinger as the Chairman of the Audit Committee. Three other members of the Audit Committee also have relevant expertise from their positions as senior executives of banks.

In addition to serving as the Chairman of the Audit Committee, Eva Eberhartinger, in her main position, chairs the Tax Management division at the Institute for Accounting & Auditing at the Vienna University of Economics and Business, and was Vice Rector for financial affairs at the Vienna University of Economics and Business from 2006 to 2011. On account of her high level of expertise and many years of experience in research and lecturing at both national and international universities, Eva Eberhartinger is a recognized expert in the areas of finance and accounting, as well as taxation. Her research focuses on accounting, taxation, financing and taxes, European/international accounting, and international tax law. Furthermore, Eva Eberhartinger has numerous publications in various specialist journals. She has been on the supervisory board of the Austrian Treasury since 2013 and served as the Vice Chair until 2017. She has also been a member of the supervisory board of maxingvest AG (Germany) since 2014.

The decision was taken in the 2020 financial year to establish the Digitalization Committee and the Supervisory Board elected Andrea Gaal as the Chairman of the committee. During her career, Andrea Gaal has held several key positions within British and American high-tech start-ups and served in a managing role at Sony and Sony Ericsson with responsibility for the DACH (German-speaking countries), Central European and North American (Canada) regions. Furthermore, Andrea Gaal is engaged on the advisory council of AI 42.cx, a market data company which specializes in the analysis and identification of intellectual property and intangible assets; she is also a member of the AI-42 INDEX™ committee, which determines the index constituents and weightings. The index comprises the leading listed companies globally with expertise in the area of artificial intelligence and is published through Refinitiv (Thomson Reuters). Aside from the aforementioned roles, Andrea Gaal also teaches as an adjunct professor in the Department of Business & Management at Webster Vienna Private University, where her lectures cover subjects such as Business & Global Issues, Global Competitive Strategies, Corporate Responsibility and Society, and Women in Management.

With Eva Eberhartinger as Chairman of the Audit Committee, Birgit Noggler as Chairman of the Risk Committee, and Andrea Gaal as the new Chairman of the Digitalization Committee, the responsibilities of the free float representatives have been further strengthened.

The Advisory Council

The Advisory Council consists of representatives of RBG and has a purely consultative function for the Management Board of RBI AG. The rights and obligations that the Management Board and Supervisory Board have under the law and the Articles of Association are not curtailed by the Advisory Council's activities.

The Advisory Council provides advice on matters relating to material ownership interests of the regional Raiffeisen banks as core shareholders and on selected aspects of the relationship between RBI and RBG. It also gives advice on RBI's central institution function as defined in § 27a of the BWG and the responsibilities associated with it, and on the affiliated companies in their capacity as RBG's distribution partners.

The Advisory Council consists of the seven Chairmen of the supervisory boards of the regional Raiffeisen banks and the Chairman of Raiffeisenverband Salzburg. It met three times in 2020. Out of the eight members of the Advisory Council, eight members attended all the meetings in 2020. Member attendance at each meeting was thus 100 per cent.

Advisory Council members receive reasonable compensation for their activities. The compensation for the 2017 financial year and subsequent years was determined by the Annual General Meeting on 21 June 2018.

As long as the General Meeting passes no resolutions to the contrary in the future, Advisory Council members are paid the following annual remuneration:

- For the Chairman of the Advisory Council: € 25,000 (excl. VAT)
- For the Deputy Chairman of the Advisory Council: € 20,000 (excl. VAT)
- For every other member of the Advisory Council: € 15,000 each (excl. VAT)

In addition, each member of the Advisory Council is paid an attendance fee of € 1,000 (excl. VAT) for each meeting.

Depending on the duration of the respective Advisory Council mandate, the annual remuneration for the financial year is allocated on a pro rata basis or in its entirety.

Functions of the Management Board and the Supervisory Board

Division of responsibilities and functions of the Management Board

The RBI AG Management Board manages the company according to clearly defined goals, strategies and guidelines on its own authority, with a focus on future-oriented business management and in line with modern, sustainable business principles. In doing so, the Management Board pursues the good of the company at all times and considers the interests of customers, shareholders and employees.

The Management Board manages the company's business in accordance with the law, the Articles of Association and the Management Board's rules of procedure. The Management Board's weekly meetings are convened and led by the Chairman. The meetings facilitate mutual gathering and exchange of information, consultation and decision-making with respect to all matters requiring the Board's approval. The procedural rules of the Supervisory Board and the Management Board describe the duties of the Management Board in terms of information and reporting, as well as a catalog of measures that require the approval of the Supervisory Board.

Management Board members' areas of responsibility have been defined by the Supervisory Board, without prejudice to the general responsibility of the Management Board, as follows (as at 31 December 2020):

CEO

- **CFO**
  - Active Credit Management
  - Group Planning & Finance
  - Group Tax Management
  - Group Treasury
- Chairman's Office
- Group Communications
- Group Executive Office
- Group Internal Audit[1]
- Group Investor Relations
- Group Marketing
- Group People & Organisational Innovation
- Group Strategy
- Group Subsidiaries & Equity Investments
- Group Sustainability Management
- Legal Services[2]

COO/CIO

- Group Core IT
- Group Data
- Group Efficiency Management
- Group IT Delivery
- Group Procurement, Outsourcing & Cost Management
- Group Security, Resilience & Portfolio Governance
- Head Office Operations

Markets & Investment Banking

- Group Capital Markets Corporate & Retail Sales
- Group Capital Markets Trading & Institutional Sales
- Group Investment Banking
- Group Investor Services
- Group MIB Business Management & IC Experience
- Institutional Clients
- Raiffeisen Research

Corporate Banking

- Corporate Customers
- Corporate Finance
- Group Corporate Business Strategy & Steering
- International Leasing Steering & Product Management
- Trade Finance & Transaction Banking

CRO

- Financial Institutions, Country & Portfolio Risk Management
- Group Advanced Analytics
- Group Compliance[1]
- Group Corporate Credit Management
- Group Regulatory Affairs & Data Governance
- Group Risk Controlling
- Group Special Exposures Management
- International Retail Risk Management
- Sector Risk Controlling Services

Retail Banking

- Group Asset Management (via RCM)
- International Mass Banking, Sales & Distribution
- International Premium & Private Banking
- International Retail CRM
- International Retail Lending
- International Retail Online Banking
- International Retail Payments
- International Small Business Banking

1 Reports to the entire Management Board and Supervisory Board
2 Data Protection Officer for RBI and its Austrian subsidiaries – reports to the Management Board

Reduction in size of the Management Board

The expiration of the mandate of CFO Martin Grüll in February 2020, led to substantial changes in the Management Board responsibilities, particularly the reallocation of former CFO duties to other Management Board areas.

Management Board area of the Chief Executive Officer (CEO)

- The CFO now reports to the CEO
- Former Plenipotentiary, Michael Höllerer, as CFO, took over responsibility for Group Planning & Finance, Group Tax Management, Group Treasury and Active Credit Management.
- The Group Investor Relations division has reported directly to the CEO since the reduction in size of the Management Board.
- The B-1 divisions International Banking Units and Group Participations have been merged into a single B-1 division, Group Subsidiaries & Equity Investments, due to efficiency and synergy considerations. This new structure is designed to enable the division to pool the established strengths and core competencies of the relationship managers and equity investment managers in order to offer their services as a single point of contact to relevant individuals within RBI, its subsidiaries, representative offices, branches and equity investments. The new structure facilitates the adoption of a one-stop shop principle and enables the unit to address all assigned issues within a single division.
- The former Group Human Resources division merged with the Strategy Development department from the Group Strategy & Innovation division. To direct the focus even more toward employees, the division was renamed Group People & Organizational Innovation.

Management Board area of Retail Banking

- The two divisions International Retail Business Management & Steering and International Mass Banking, Sales & Distribution were combined into a single division, International Mass Banking, Sales & Distribution, in order to streamline the organizational structure. Since the two divisions were each relatively small in terms of staff, the merger aimed to produce a leaner, simpler structure and leverage synergies.
- In the past, the Retail Payments business was handled by multiple departments from different Management Board areas. The Management Board therefore decided to combine the various units and establish International Retail Payments, a new separate B-1 division. This will drive the further expansion of the strategically important Digital Payments business line. The division is responsible for the merchant acquiring business, improving profitability, expanding this business line in the online environment and developing the e-commerce business. The division can thereby provide the requisite attention to the area of digital payments for consumers and between consumers and business customers. These areas play an important role in realizing the Vision & Mission and Strategic Roadmap.

Management Board area of the Chief Operating Officer / Chief Information Officer (COO/CIO)

- Group Project Portfolio & Security Management was renamed Group Security, Resilience & Portfolio Governance in 2020. Resilience includes the Disaster Recovery, Crisis Management and Business Continuity departments.
- Group Procurement, Cost & Real Estate Management was renamed Group Procurement, Outsourcing & Cost Management in order to emphasize the outsourcing function due to its growing importance.

Management Board area of the Chief Risk Officer (CRO)

- Group Regulatory Affairs & Data Governance and Group Compliance will report to the CRO from March 2020, due to the reduction in size of the Management Board.

The 2020 financial year was largely dominated by the COVID-19 crisis. A variety of measures were taken by the Management Board in this respect, all of which placed the health of employees and customers first. As a result of years of preparations and regular crisis scenario training, the company was very well-prepared and banking operations were successfully transferred from the physical office to remote working within a few days. This made it possible to continue to serve customers fully and seamlessly despite the challenging situation. The company's business activities were not limited at any point in time.

The Management Board addressed sustainable finance and the regulatory environment at a special meeting. Following an introduction to the EU's planned measures to promote a sustainable economy (EU Action Plan), the issues of sustainable business and sustainable customers were covered in detail.

A key objective in the expansion of sustainable business is the Vision to become the most recommended bank in Austria and in RBI's markets in the CEE region by 2025, including in terms of Environment, Social, Governance (ESG) focus. This is to be achieved by executing a defined five-point plan. In addition, specific action is to be taken to support customers so they can more easily access the market for sustainable financing while taking their respective particular situation in terms of sustainability into account.

The planned range of services to be offered by the Institutional Customers and Corporate Financing businesses was also discussed (identification of products with ESG relevance, ESG consulting, best practice sharing with others – including internationally active customers, etc.) as well as the range to be offered by the Retail area (strengthening customer relationships based on UN principles by promoting digitalization, reducing operational impacts on the environment, taking account of the social needs of our customers and their business, and creating value with practical innovative solutions that focus on the environment).

Supervisory Board meetings

The Supervisory Board (SB) held six meetings during the reporting period. In addition, the Management Board fully informed the Supervisory Board on a prompt and regular basis of all relevant matters pertaining to the company's performance, including the risk position and risk management of the company and material Group companies, particularly in relation to important issues.

During a Fit & Proper course on current regulatory issues, the Supervisory Board was updated on issues including the EBA's planned changes to ESG risk integration in loan origination and monitoring, better disclosure, control and management of ESG risk factors, diversity (guidelines and measures to ensure adequate representation of all genders in supervisory boards, management boards and upper management), and the consideration of ESG factors in the management and control of companies.

Decision-making authority and activities of the Committees of the Supervisory Board

The procedural rules of the Management Board, as well as the Supervisory Board and its Committees, outline the business management measures that require the approval of the Supervisory Board or of the appropriate Committee.

The Working Committee deals with general focus reports on individual industries in the corporate customer business and financial institutions area in relation to loan and limit applications. It takes these opportunities to discuss selected customer groups and financial institutions, as well as material positive and negative changes in customer creditworthiness. The Working Committee also looks at developments with respect to the 20 largest groups of connected customers in the corporate customer business in the course of the year and reviews special reports on certain customers or industries in response to current events. The Working Committee discusses and decides on limit applications for companies and financial institutions and, following discussion, forwards to the Supervisory Board limit applications that fall within the decision-making authority of the entire Supervisory Board. It also discusses reports written for the Supervisory Board, such as the annual report on all significant investments under § 28b of the BWG, before they are addressed by the entire Supervisory Board.

In addition to the loan and limit applications, the Working Committee also considered and approved capital contributions for Group subsidiaries as well as the delegation of Management Board members to serve on the governing bodies of non-Group companies in the financial year. The Working Committee discussed the new allocation of duties in the Management Board and associated questions relating to the organizational changes prompted by Martin Grüll's departure from the Management Board in great detail. During the decision-making process, the members of the Working Committee also gave particular consideration to the remarks made by the supervisory authority regarding the reallocation of duties in the Management Board.

The responsibilities of the Risk Committee include advising the Management Board on current and future risk propensity and risk strategy, monitoring the implementation of this risk strategy with regard to the controlling, monitoring and limitation of risk in accordance with the BWG, as well as the monitoring of capitalization and liquidity. To fulfill these responsibilities, the Risk Committee obtains quarterly reports on issues such as credit, liquidity and market risk, the Internal Capital Adequacy Assessment Process (ICAAP) and uncollectable loans. The Committee also looks at current risk factors, including selected country reports on current political changes as well as reports on regulatory developments and their repercussions for RBI. In addition, the Risk Committee discusses relevant metrics and tolerances regarding the Group's risk appetite, with due consideration given to budgeting and strategy.

Furthermore, the Risk Committee is also responsible for examining whether adequate consideration is given to the business model and risk strategy in the pricing of the services and products offered. To this end, the Risk Committee discusses reports submitted to it on pricing and price calculations in the customer and financial institutions business and discusses remedial action plans if necessary. The Risk Committee also monitors whether the incentives offered by the internal remuneration system give adequate consideration to risk, capital and liquidity, as well as the timing of realized profits and losses. This involves the presentation of a report on remuneration policies in the Risk Committee, which is used to assess whether the remuneration structure reflects RBI's risk appetite.

The risk committee also dealt with current material risk management topics. Due to COVID-19 pandemic, the committee thoroughly assessed the impact on RBI's financial, risk, capital and liquidity position. Committee members were kept informed of the banking group's profits and financials through regular and special reports given at the committee meetings. In addition, the committee looked at the risk management measures taken to limit the effects of COVID-19 on RBI at all its meetings and took this opportunity to discuss the measures themselves as well as planning steps relating to the corona playbook. The members of the Risk Committee addressed regulatory aspects and the internal system for limiting concentration risk and discussed measures derived from it for individual customer groups.

The Risk Committee also focused on the ongoing reporting and monitoring of compliance with Russian and US sanctions, as well as regular Anti-Money Laundering (AML) status reports and measures to combat money laundering in 2020. In addition, it concentrated on the requirements of, and compliance with, competition law and obtained reports on the status of significant legal disputes at every meeting.

The Audit Committee monitors the accounting process. It issues recommendations for improving reliability and supervises the effectiveness of the company's internal control, audit and risk management systems. The committee also oversees the annual audit of the financial statements and consolidated financial statements and thus monitors the independence of the external Group auditor/bank auditor, particularly with respect to additional work performed for the audited company. During the financial year, changes were made to internal policies and a process was defined for approving necessary exceptions that conforms to the regulatory framework in order to ensure compliance with internal thresholds that are stricter than the duty of care required by law for non-auditing work performed by the external auditor. In addition, the committee examines the annual financial statements, the management report, the consolidated financial statements and the Group management report and is responsible for the preparation for their adoption by the Supervisory Board. The Audit Committee reviews the audit plan in great detail and engages in discussions with the auditor during the audit about key facts covered in the audit of the financial statements, special focuses of the audit, the management letter and the report on the effectiveness of risk management and the internal control system. It also examines the Management Board's proposal for earnings appropriation and the Corporate Governance Report. The Audit Committee presents a report on the results of its examinations to the Supervisory Board. It also conducts a process, in accordance with statutory requirements, for the selection of the Group auditor and bank auditor and submits a recommendation to the Supervisory Board concerning the appointment of the auditor. Furthermore, the Supervisory Board reviews the consolidated non-financial report (Sustainability Report).

The Audit Committee also engages in regular discussions with Internal Audit about general audit issues, defined audit areas, findings made during audits and steps taken to make improvements in response to audit findings. Group Compliance reports regularly to the Audit Committee and discusses the status and effectiveness of the internal control system with it. In particular, the parties discuss the findings from reviews of key controls in financial reporting and non-financial reporting areas as well as additional required improvements. The Audit Committee also devotes attention to the accounting framework and discusses the implementation of necessary projects.

In addition to its regular auditing and monitoring activities, the Audit Committee focused on discussing issues related to the valuation of equity investments and questions associated with the accounting treatment of legal risks.

The Audit Committee also thoroughly addressed relevant issues relating to the tax ICS at RBI and devoted its attention to the transfer pricing system. Based on the Audit Committee's recommendations to the Supervisory Board, the Annual General Meeting on 20 October 2020 selected Deloitte Audit Wirtschaftsprüfungs GmbH as the external auditor and simultaneously as the bank auditor pursuant to §§ 60 et seq. of the BWG for RBI's annual and consolidated financial statements for the 2021 financial year. In this context, the Audit Committee obtained ongoing status reports on the process of transferring the audit engagement to the new external auditor. The Audit Committee reviewed the economic impacts of the COVID-19 pandemic on the 2020 annual financial statements in detail.

The Audit Committee establishes key issues for the upcoming year at the end of each year.

The Remuneration Committee's responsibilities include, first and foremost, establishing general principles for the company's remuneration policies and practices, particularly on the basis of the BWG, as well as relevant sections of the ACGC. In doing so, the company's interests along with the long-term interests of shareholders, investors and employees of the company are taken into account, as are the economic interests of maintaining a functioning banking system and financial market stability. The Remuneration Committee issues detailed internal remuneration policies for the Management Board and employees of RBI and makes changes as required as part of a regular review process. On that basis, the Remuneration Committee selects the companies within the RBI Group that are subject to the remuneration principles. This selection and the underlying selection process are reviewed at regular intervals. The Remuneration Committee is also responsible for approving the proposed list of employees and functions which have a material impact on the risk profile of the Group and/or company. The Remuneration Committee conducts regular reviews of these identified staff.

In addition, the Remuneration Committee supervises and regularly reviews remuneration policies, remuneration practices and relevant incentive structures in the context of risk control, monitoring and limitation in accordance with the BWG, as well as with respect to capitalization and liquidity. To this end, reports from Human Resources, Internal Audit, Compliance and Risk Management are presented to the Remuneration Committee and the associated findings and measures are discussed. The Remuneration Committee further reviews the remuneration of executives responsible for risk management and compliance.

The Remuneration Committee is also responsible for deciding whether employees are subject to penalty or clawback events. It reviews potential cases and then, based on the facts, decides how the event will affect the payment of variable remuneration.

In accordance with the new provisions of §§ 78a et seq. of the AktG, which incorporates the remuneration requirements of the second Shareholder Rights Directive, the responsibility for the preparation of Supervisory Board resolutions relating to remuneration policy for the Management Board and Supervisory Board as well as the corresponding Remuneration Report has been added to the rules of procedure for the Remuneration Committee. The remuneration policy principles for the Management Board and the Supervisory Board were prepared by the Remuneration Committee on the basis of the current remuneration guidelines and in consideration of the long-term goals and risk strategy. The principles describe, among other things, the remuneration components, the definitive criteria for awarding and paying an annual performance bonus along with the payment methods and information on how remuneration and employment conditions for RBI employees factor into the remuneration determined for the Management Board. The Supervisory Board approved the remuneration policy for members of the Management Board and Supervisory Board at the Remuneration Committee's recommendation. The remuneration policy was presented to the Annual General Meeting for vote and resolution on 20 October 2020. In accordance with the remuneration policy for the Management Board, the Remuneration Committee defined the key elements of the performance management process. The members of the Remuneration Committee defined the specifications for structuring individual performance-based step-in criteria based on a performance management process for individual Management Board members, taking their respective duties and responsibilities into account.

Giving due consideration to the European Banking Authority's statements regarding potential risks that may result from the COVID-19 situation, the Remuneration Committee reviewed the remuneration policy and practices at RBI to ensure that they support and are consistent with solid, effective risk management, also in light of the COVID-19 crisis. In the process, the Remuneration Committee examined whether RBI's remuneration policy, particularly the variable remuneration components set out within it, was conservative. The Remuneration Committee ultimately confirmed that no modifications to the remuneration guidelines, practices and allocations were needed. Furthermore, the Remuneration Committee acknowledged the allocation and payment of the 2019 bonus as well as outstanding amounts due from previous years for identified staff, as their payment was not detrimental to the maintenance of RBI's solid capital base and all other step-in criteria for allocating the 2019 bonus were also met.

The Nomination Committee's duties include filling any posts on the Management Board and Supervisory Board that have become vacant. The Nomination Committee evaluates potential candidates based on a description of the duties entailed and, after conducting an appropriate Fit & Proper test, issues recommendations for filling the board vacancy, giving consideration to the balance and diversity of knowledge, skills and experience of all members of the governing body in question.

The Nomination Committee also specifies a target ratio for the under-represented gender on the Management Board and the Supervisory Board, consults on the strategy for achieving the defined target ratio and regularly discusses the implementation of development programs. The Nomination Committee is also responsible for evaluating decision-making within the Management Board and Supervisory Board, ensuring that the Management Board and the Supervisory Board are not dominated by one individual person or a small group of persons in a way which is contrary to the company's interests. The Nomination Committee verifies and makes this assessment based on the meeting processes and communication lines within each board (e.g. minute-taking, deputizing arrangements, resolutions passed by circulation in urgent cases, monitoring of courses of action taken, meeting preparations, forwarding of documents) and on the perceptions of the members themselves. The Nomination Committee's responsibilities also include regularly assessing the structure, size, composition and performance of the Management Board and Supervisory Board, with reports on the bodies' composition, organizational structures and the results of their work being presented as a basis for any decisions. It also regularly evaluates the knowledge, skills and experience of the individual members of both the Management Board and Supervisory Board and also of the respective governing body as a whole. The evaluation takes place in the Nomination Committee and is based on the self-evaluation of the individual members of the Management Board and Supervisory Board, as well as on individual continuing education reports.

The Nomination Committee determined in the Fit & Proper review that all the members of the Management Board and Supervisory Board, as well as the Management Board and Supervisory Board in their entirety, possessed the necessary knowledge, skills and experience. In addition, the mandate limits and availability in terms of time were reviewed and confirmed.

Günther Reibersdorfer and Johannes Ortner resigned from their functions in the 2020 financial year. The Nomination Committee devoted its attention to filling the vacant Supervisory Board seats and confirmed the personal and professional suitability of the new candidates Reinhard Mayr and Heinz Konrad. The Fit & Proper assessments of Erwin Hameseder and Klaus Buchleitner, whose Supervisory Board mandates expired in the 2020 financial year, were also confirmed. As was the case when filling vacant Supervisory Board positions or those nearing the end of their term, the Nomination Committee also thoroughly addressed the expiring Management Board mandates of Peter Lennkh, Andrii Stepanenko and Lukasz Januszewski as part of a structured succession process, positively assessing their past work and personal and professional suitability for the continued exercise of the Management Board functions. Based on the results of the succession process, the Nomination Committee recommended that the Supervisory Board propose the election of Erwin Hameseder, Klaus Buchleitner, Reinhard Mayr and Heinz Konrad to the Supervisory Board to the Annual General Meeting. The members of the Nomination Committee also made the recommendation to the Supervisory Board to extend the expiring Management Board mandates of Peter Lennkh, Andrii Stepanenko and Lukasz Januszewski.

The Nomination Committee also reviews the Management Board's actions with regard to the selection of executives and supports the Supervisory Board in preparing recommendations for the Management Board. To this end, the Nomination Committee evaluates the selection of key function holders, the guiding principles of executive selection and development, succession planning and the policies and steps taken for filling upper management positions.

The Nomination Committee is committed to gender-neutral staffing policies in its activities. The members of the Nomination Committee reviewed the progress made toward achieving the target quota for the underrepresented gender and discussed the measures presented for achieving the target.

The Personnel Committee deals with the remuneration of Management Board members as well as their employment contracts. In particular, it discusses and decides on provisions in the individual Management Board members' employment contracts and makes changes to the contracts as needed. It is also responsible for approving any acceptance of secondary employment by members of the Management Board. The Committee discusses and reviews clawbacks of past bonuses or non-payment of bonuses from existing provisions (penalty) if it has any information indicating that these measures appear necessary.

It also sets targets for the Management Board based on applicable rules and regulations and makes any required changes. It discusses whether the Management Board has attained its targets and approves bonus allocations on that basis. The Personnel Committee then decides whether to pay amounts from bonus payments that were deferred as required by law. During the financial year, the Personnel Committee set the 2020 targets for the Management Board, determined whether the Management Board attained its 2019 targets and approved bonus allocations to the Management Board members, taking account of the supervisory authority's remarks and compliance with the rules and regulations related to the COVID-19 pandemic.

The Supervisory Board decided at its meeting on 16 September 2020 to establish a Digitalization Committee and adopted rules of procedure for the Committee. At its meeting on 2 December 2020, the Supervisory Board decided on the delegation of Supervisory Board members to the Committee, which would consist of 6 members. The Committee should meet twice a year.

The Digitalization Committee's duties are to advise the Management Board and the Supervisory Board regarding the current and future digitalization strategy (including IT, new technologies, data analysis and innovation) and the related strategic investment decisions. It is also responsible for monitoring the execution of the digitalization strategy as well as the progress made in RBI's digitally transformation and for regularly reporting on this to the Supervisory Board.

Number of Committee meetings

The Working Committee (WC) held nine meetings in the 2020 financial year. The Risk Committee (RiC) met three times, the Audit Committee (AC) four times, the Remuneration Committee (ReC) three times, the Nomination Committee (NC) four times, and the Personnel Committee (PC) three times. The Digitalization Committee, established on 16 September 2020, had no meetings in the 2020 financial year.

No member of the Supervisory Board was unable to personally attend more than half of the meetings of the Supervisory Board.

Supervisory Board members attended the meetings of the Supervisory Board and its Committees as shown below:

Supervisory Board member	SB (6)	WC (9)	RiC (3)	AC (4)	ReC (3)	NC (4)	PC (3)	Total (32)
Erwin Hameseder	6/6	9/9	3/3	4/4	3/3	4/4	3/3	32
Martin Schaller	5/6	9/9	3/3	n/a	3/3	4/4	3/3	27
Heinrich Schaller	4/6	7/9	3/3	2/4	2/3	3/4	2/3	23
Klaus Buchleitner	5/6	n/a	n/a	n/a	n/a	n/a	n/a	5
Peter Gauper	6/6	n/a	n/a	n/a	n/a	n/a	n/a	6
Wilfried Hopfner	6/6	n/a	n/a	n/a	n/a	n/a	n/a	6
Rudolf Könighofer	6/6	n/a	n/a	n/a	n/a	4/4	3/3	13
Johannes Ortner[1]	2/2	n/a	n/a	2/2	n/a	n/a	n/a	4
Reinhard Mayr[2]	3/3	n/a	n/a	1/1	n/a	n/a	n/a	4
Günther Reibersdorfer[3]	2/3	n/a	n/a	n/a	n/a	n/a	n/a	2
Heinz Konrad[4]	3/3	n/a	n/a	n/a	n/a	n/a	n/a	3
Eva Eberhartinger	6/6	n/a	3/3	4/4	3/3	n/a	n/a	16
Andrea Gaal	6/6	9/9	3/3	4/4	3/3	4/4	3/3	32
Birgit Noggler	6/6	9/9	3/3	4/4	3/3	4/4	3/3	32
Rudolf Kortenhof	6/6	9/9	3/3	4/4	3/3	4/4	n/a	29
Peter Anzeletti-Reikl	6/6	9/9	3/3	4/4	3/3	4/4	n/a	29
Gebhard Muster	6/6	n/a	n/a	n/a	n/a	n/a	n/a	6
Natalie Egger-Grunicke	6/6	n/a	n/a	n/a	n/a	n/a	n/a	6
Helge Rechberger	6/6	n/a	n/a	n/a	n/a	n/a	n/a	6
Susanne Unger	6/6	9/9	3/3	4/4	3/3	4/4	n/a	29

n/a – not applicable, as not a member of the respective Committee
1 Johannes Ortner left the Supervisory Board and Audit Committee effective 18 June 2020
2 Reinhard Mayr was elected to the Supervisory Board and Audit Committee on 20 October 2020
3 Günther Reibersdorfer left the Supervisory Board effective 20 October 2020
4 Heinz Konrad was elected to the Supervisory Board on 20 October 2020

In addition, the Supervisory Board as well as the Working and Remuneration Committees also passed resolutions by circulation in accordance with § 92 (3) of the AktG.

Self-evaluation and efficiency review by the Supervisory Board

As required by C Rule 36 of the ACGC, the Supervisory Board of RBI AG conducted a year-to-year self-evaluation and efficiency review covering the 2019 and 2020 financial years.

Going beyond the minimum requirement for the self-evaluation and efficiency review pursuant to C Rule 36 of the ACGC, the Supervisory Board, in partnership with the Vienna University of Economics and Business (WU Vienna), conducted a comprehensive evaluation of the Supervisory Board's activities beginning in 2019 in order to achieve a sustainable improvement in the efficiency and effectiveness of the Supervisory Board's work.

A questionnaire-based evaluation was carried out under the direction of Werner Hoffmann, Head of the Institute for Strategic Management at WU Vienna. The evaluation was tailored to the company's specific requirements. External experts then conducted individually prepared interviews with all members of the Supervisory Board in order to gain further insight from the evaluation and most effectively identify the Supervisory Board members' requests and suggestions. The Supervisory Board members were asked, in particular, for their assessment of the organizational structure, the working methods of the Supervisory Board, the work done by the Committees, the provision of information, and the composition and independence of the Supervisory Board. The Supervisory Board's work was analyzed objectively as part of the efficiency project, and the Supervisory Board drew up specific, jointly supported recommendations for action based on the project's results.

The Supervisory Board discussed the results of the evaluation at a joint moderated workshop held on 18 June 2020. The Supervisory Board's work received very good ratings overall; suggestions for improvement started from a high baseline. Concrete future measures were defined in connection with the recommendations for improving the Supervisory Board's activities. Some of these recommendations have already been implemented, including, for example, the creation of a Digitalization Committee, which was decided by the Supervisory Board on 16 September 2020. Furthermore, the Supervisory Board held its first-ever strategy workshop on 28 September 2020, with the Management Board, the CFO and internal strategy experts. It is planned to hold these types of strategy workshops twice a year. In response to the Supervisory Board members' request for greater involvement of the network banks in Supervisory Board activities, local CEOs from selected network banks will present reports at every future Supervisory Board meeting. In addition, appropriate measures have already been taken to prepare information for the Supervisory Board in a way that is specifically oriented towards its needs.

Role and activities of the Chairman of the Supervisory Board

The Chairman of the Supervisory Board leads and coordinates the Supervisory Board and interacts internally with the Management Board as the highest-ranking representative of the Supervisory Board. Serving as an intermediary, the Chairman of the Supervisory Board forwards information received from the Management Board to the other Supervisory Board members, so that they can perform their function in terms of supervision, control and participation. In addition to fulfilling his duties to ensure the smooth functioning of the Supervisory Board's activities, the Chairman of the Supervisory Board also has external public-facing roles, such as chairing the Annual General Meeting.

In addition to the 32 days on which the Supervisory Board and its committees met in 2020, seven meetings were held between the Management Board and the Chairman of the Supervisory Board, Erwin Hameseder, to prepare for the meeting days and discuss current (strategic) issues on an ongoing basis. The Chairman and both his Deputies of the Supervisory Board met with the Management Board nine times in 2020.

In addition, 37 bilateral meetings were held with members of the Management Board and the Chairman of the Supervisory Board during the financial year, including 26 meetings with the CEO. Similarly, the Chairmen of the Audit and Risk Committees stayed in regular contact and communication with the members of the Management Board, particularly the CEO and CRO, and with the heads of internal control functions as well as with the CFO. All in all, the Chairman of the Supervisory Board attended 84 RBI meetings.

Furthermore, in his capacity as the Chairman of the Supervisory Board, Erwin Hameseder visited several selected network banks in the 2020 financial year with CEO Johann Strobl, as was the case in 2019. The visits focused on obtaining detailed reports from local management boards on current business policy issues as well as a comprehensive picture of the respective financial, risk, capital and liquidity trends. In 2020, there was an onsite visit to the Raiffeisen bank in Serbia and virtual visits to the Raiffeisen banks in the Czech Republic and Bulgaria.

In addition, the Chairman of the Supervisory Board met with representatives of the ECB and FMA in the 2020 financial year for an open exchange of views in which key supervisory issues and current topics relevant to RBI were discussed.

To support the activities of the Supervisory Board and assist the Chairman of the Supervisory Board, the Chairman's Office has been set up as an internal interface and secretarial office for the Supervisory Board and acts as a coordinator between the Supervisory Board (in particular the Chairman of the Supervisory Board) and all relevant RBI stakeholders.

Annual General Meeting

The Annual General Meeting for the 2019 financial year was held in Vienna on 20 October 2020. For the first time in RBI's history, the Annual General Meeting was held virtually to protect all participants amid the COVID-19 pandemic. A web portal set up specifically for shareholders was made available. Both the live video stream of the meeting and the various portal features provided valuable support in ensuring that the 2020 Annual General Meeting went smoothly. Shareholders welcomed and actively used the possibility to participate through RBI's AGM web portal, which also enabled them to ask questions and exercise their voting rights during the meeting.

Following the ECB's recommendation to suspend distributions until 1 January 2021, no vote was taken on the originally proposed distribution of dividends. Although the financial strength of RBI would have enabled a dividend to be paid in 2020, the Management Board and Supervisory Board jointly decided to follow the ECB's recommendation and carry forward the planned dividend.

In consideration of the ECB's restrictions on dividend distributions (release from 15 December 2020), the dividend payment decision will be taken by the Annual General Meeting (22 April 2021)

The Annual General Meeting for the 2020 financial year will take place on 22 April 2021. The convening notice will be published in the Wiener Zeitung's official journal and in electronic form a minimum of 28 days before the Annual General Meeting.

At the Annual General Meeting, shareholders, as owners of the company, can exercise their rights by voting. The fundamental principle of "one share, one vote" applies. Accordingly, there are no restrictions on voting rights and all shareholders have equal rights. Every share confers one vote; registered shares have not been issued. Shareholders may exercise their voting rights themselves or by means of an authorized agent.

Syndicate agreement concerning RBI

Due to a syndicate agreement relating to RBI, the regional Raiffeisen banks and direct and indirect subsidiaries of the regional Raiffeisen banks are parties acting in concert as defined in § 1 6 of the Austrian Takeover Act (see most recent notification of voting rights published on 20 August 2019). The terms of the syndicate agreement include a block voting agreement for all matters that require a resolution from the General Meeting of RBI, rights to nominate members of the RBI Supervisory Board and preemption rights among the syndicate partners. The terms also include a contractual restriction on sales of the RBI shares held by the regional Raiffeisen banks (with a few exceptions) since the expiration of the three year period from the effective date of the merger between RZB and RBI, thus as of 18 March 2020, if the sale would directly and/or indirectly reduce the regional Raiffeisen banks' aggregate shareholding in RBI to less than 40 per cent (formerly 50 per cent) of the share capital plus one share. There were no changes in the ownership structure of the syndicate members during the financial year.

Report on measures taken by the company to promote women to the Management Board, the Supervisory Board and into executive positions (§ 80 AktG) and a description of the diversity strategy as laid down in § 243c (2) 2 and 3 of the UGB

Description of the diversity strategy

Prejudice and discrimination have no place in RBI. This is also clearly stated in the Code of Conduct which applies across the entire Group. RBI instead advocates equality, and in keeping with its corporate identity, it offers equal opportunities for equal performance within the company, regardless of gender or other factors. This begins with staff selection, which must be done without prejudice and where the same standards must always be applied.

The RBI Group Diversity Policy describes the relevance of this issue for RBI, defines the various responsibilities, and also specifies how to implement a diversity strategy within the Group. The relevant subsidiaries, which are the subsidiary banks and Austrian credit institutions, have appointed diversity officers and adopted local strategies.

The key components of this policy include RBI's diversity vision and mission statement and the daily implementation guidelines. In them, RBI presents its stance on this issue: "RBI believes that diversity adds value. Capitalizing on the opportunities of diversity provides long-term benefits to the company and its employees, as well as to the economy and society as a whole. RBI is continuing Raiffeisen's 130-year success story as it embraces diversity. RBI actively and professionally harnesses the potential of diversity to give clients the best possible service as a strong partner and to position itself as an attractive employer."

The RBI Group Diversity Policy defines a strategy for filling Management Board and Supervisory Board positions, whereby hiring must give consideration to both diversity and compliance with statutory requirements. Other important diversity aspects include age, gender and geographic origin. The main requirements for holding such a position also include solid education and professional experience, preferably in roles related to fintech companies, banks or financial institutions. The objective is that the boards include a wide range of qualifications and expertise in order to obtain the broadest possible variety of experience and diverse opinions, collectively resulting in sound decision-making.

The composition of the Management Board and Supervisory Board should be structured so that the board members' geographic origins reflect the diversity of RBI's markets and its cultural context. With respect to the age structure of the Management Board and Supervisory Board, in order to achieve a good balance, the board members should preferably not have all been born in the same decade. The aim is for women to fill 35 per cent of positions within the Supervisory Board, Management Board and Tier 2 management of the RBI Group by no later than 2024.

The mandates of three members of the RBI AG Management Board were extended (see composition of the Management Board). Of the six Management Board members, currently four are from Austria, one is from Poland, and one is from Ukraine. Members of non-Austrian origin therefore constituted 33 per cent of the Management Board at the end of 2020 (2019: 29 per cent). Two Supervisory Board positions were filled by men and two men were re-elected in 2020. All the Supervisory Board members are of Austrian origin and thus unchanged. The ages of the Supervisory Board members range between 46 and 66 years (2019: between 44 and 65 years), and of the Management Board between 42 and 61 years (2019: between 41 and 60 years).

Measures taken to promote women to the Management Board, the Supervisory Board and into executive positions

RBI is convinced that having leadership teams that are diverse in terms of gender, age, geographic origin, education and professional background is essential to optimizing decision-making quality and minimizing groupthink. It thus assumes that diversity ultimately contributes positively to the company's performance. While the diversity of the management team is satisfactory in terms of age, geographic origin, education and professional background, RBI aims to further increase the proportion of women in management.

The Nomination Committee has therefore set a target for RBI AG of filling 30 per cent of the positions on the Supervisory Board, Management Board and in upper management (Tier 2 and Tier 3 management) with women by 2024. As at 31 December 2020, the corresponding proportion was 23 per cent (2019: 22 per cent). Women held the following proportions of Tier 3 management positions and higher (positions with staff responsibility) at RBI AG as at 31 December 2020: Supervisory Board, 28 per cent (2019: 28 per cent); Management Board, 0 per cent (2019: 0 per cent); Tier 2 management, 19 per cent (2019: 20 per cent) and Tier 3 management, 24 per cent (2019: 24 per cent). Female employees make up 46 per cent (2019: 47 per cent) of the total workforce. RBI AG therefore meets the legal requirement for the proportion of women on its Supervisory Board.

For the entire RBI Group, the Nomination Committee has set a target of filling 35 per cent of the positions on the Supervisory Board, Management Board and in Tier 2 management with women by no later than 2024. The following figures include RBI AG and 13 network banks in CEE, as well as Raiffeisen Bausparkasse Gesellschaft m.b.H., Raiffeisen Kapitalanlage-Gesellschaft m.b.H., Raiffeisen-Leasing Gesellschaft m.b.H, as well as Valida Holding AG, Kathrein Privatbank Aktiengesellschaft and Raiffeisen Centrobank AG. As at 31 December 2020, the corresponding proportion of female employees totaled 31 per cent (2019: 30 per cent). In RBI Group, female employees make up 65 per cent (2019: 66 per cent) of the total workforce. Women held 14 per cent of Management Board positions (2019: 14 per cent), and 37 percent of Tier 2 management positions (2019: 35 per cent). The proportion of women in Supervisory Board positions was 24 per cent (2019: 24 per cent).

Women are underrepresented in management for various reasons based on individual circumstances and the social environment as well as the company. Therefore, a strategy to increase the representation of women must encompass a wide variety of measures and recognize that certain reasons cannot be addressed by organizational measures. Based on a large-scale corporate analysis, the Nomination Committee adopted measures in three areas that approach the issue from different angles. The first set of measures focuses on the work culture and aims to achieve a healthy work-life balance as well as a gender-sensitive organization of the New World of Work. This included conducting the first-ever work and family audit at RBI AG in 2020, and the promotion of active parental leave management. The work and family audit is a customized certification process for companies, which is supervised by qualified advisors and designed to provide support for the defining, evaluating and planning of family-friendly measures. The objective is to create a work environment that opens up equal career opportunities for both women and men.

The second set of measures targets the work with female employees and aims specifically to support this. Bias can already begin in the talent selection process. Female employees are also treated differently in some instances during their careers because they, for example, express specific needs or have these attributed to them.

The career trajectories of female and male employees generally show noticeable differences over time. In future, therefore, specific focus will be placed on the selection and development of female talent.

The third set of measures relates to the selection of upper management (first and second tier below the Management Board) and is aimed at improving the selection processes and making them more transparent. Interview transcripts and documents for interviews or hearings (for higher management positions) are anonymized and evaluated by several people in order to ensure objectivity in the selection process and to prevent possible unconscious bias. Furthermore, at least one female assessor must be involved in the hearing. The search for candidates is also an essential step in the selection process. Emphasis will be placed on the selection of suitable executive search partners and their role in finding qualified women.

This bundle of measures provides medium- and long-term impetus to bring about cultural change and thus permanently establish gender diversity at the company.

Transparency

The internet, particularly the company website, plays an important role for RBI with regard to open communication with shareholders, their representatives, customers, analysts, employees, and the interested public. Therefore, the website offers regularly updated information and services, including the following: annual and interim reports, company presentations, telephone conference webcasts, ad-hoc releases, press releases, investor relations releases, share price information and stock data, information for debt investors, the Sustainability Report and current sustainability news, financial calendar with advance notice of important dates, information on securities transactions of the Management Board and Supervisory Board that are subject to reporting requirements (directors' dealings), RBI AG's Articles of Association, the corporate governance report, analysts' recommendations, as well as an ordering service for written information and registration for the automatic delivery of investor relations news by e-mail.

A secure, anonymous and digital whistleblower platform was established at RBI in line with regulatory and statutory guidelines. Employees throughout the Group can use this to report possible violations in their local language. All reports are investigated by RBI's Compliance department. The investigation findings must be reported back before the case can be closed.

Conflicts of interest

Both the Management Board and the Supervisory Board of RBI AG are required to disclose any potential conflicts of interest.

Members of the Management Board must therefore disclose to the Supervisory Board any significant personal interests in transactions involving the company and Group companies, as well as any other conflicts of interest. They must also inform the other members of the Management Board. Members of the Management Board who occupy management positions within other companies must ensure a fair balance between the interests of the companies in question.

Members of the Supervisory Board must immediately report any potential conflicts of interest to the Chairman of the Supervisory Board, who is supported by Compliance when carrying out his evaluation. In the event that the Chairman himself should encounter a conflict of interest, he must report this immediately to the Deputy Chairman. Company agreements with members of the Supervisory Board that require members to perform a service for the company or for a subsidiary outside of their duty on the Supervisory Board (§ 189a 7 of the UGB) in exchange for not-insignificant compensation require the approval of the Supervisory Board. This also applies to agreements with companies in which a member of the Supervisory Board has a significant financial interest. Furthermore, related party transactions as defined by § 28 of the BWG require the approval of the Supervisory Board.

These and other requirements and rules of conduct are covered by a corporate policy that contains the duties required by law and by the ACGC. The policy also gives due consideration to the European Banking Authority's (EBA) guidelines on internal governance, the joint European Securities and Markets Authority/EBA guidelines to assess the suitability of members of management bodies and key function holders, the European Central Bank's guide to fit and proper assessments, and the Basel Committee on Banking Supervision's corporate governance principles for banks.

For a number of years, RBI has had internal policies that govern business transactions in detail in order to avoid conflicts of interest. The rules enacted in Austria in mid-2019 on transactions with related companies and parties (as part of the transposition of the EU Shareholder Rights Directive into Austrian law) have been reflected in a separately issued internal directive.

Independent consolidated non-financial report (§ 267a of the UGB) as well as disclosures for the parent company according to § 243b of the UGB

The company prepared an independent consolidated non-financial report according to § 267a of the UGB for the 2020 financial year for RBI, which also contains the disclosures for the parent company according to § 243b of the UGB. The report was reviewed by the Supervisory Board according to § 96 (1) of the AktG. In addition, KPMG Austria GmbH (KPMG) was appointed by the Management Board to audit the consolidated non-financial report and will report its findings to the Supervisory Board at its March 2021 meeting. The Supervisory Board will report on the results of the audit at the Annual General Meeting.

Accounting and audit of financial statements

RBI's consolidated financial statements are prepared in accordance with the International Financial Reporting Standards (IFRS) as applied in the EU. They also comply with the regulations of the BWG in conjunction with the UGB to the extent that these are applicable to the consolidated financial statements. The consolidated annual financial statements are published within the first four months of the financial year following the reporting period. Interim reports are published no later than two months after the end of the respective reporting period pursuant to IFRS.

The Annual General Meeting on 13 June 2019 selected KPMG as external Group auditor and bank auditor for the 2020 financial year. KPMG has confirmed to RBI AG that it has the certification of a quality auditing system. It has also declared that there are no reasons for disqualification or prejudice. The Supervisory Board is informed of the result of the audit by a statutory report regarding the audit of the consolidated financial statements by the auditor, as well as by the report of the Audit Committee. Furthermore, the auditor assesses the effectiveness of the company's risk management in accordance with the ACGC, based on the documents submitted to the auditor and otherwise available. The resulting report is presented to the Chairman of the Supervisory Board, who is responsible for ensuring the report is addressed in the Audit Committee and presented to the Supervisory Board.

The Management Board

Johann Strobl	Andreas Gschwenter
Łukasz Januszewski	Peter Lennkh
Hannes Mösenbacher	Andrii Stepanenko

Anti-Money Laundering Declaration

Preamble

RBI is one of the leading banks in Austria and Central and Eastern Europe. As a financial institution, RBI actively supports the economic and social development of the countries and economies of this economically closely interwoven and globally networked region by providing access to international markets through its correspondent banking services.

"What one can't do alone, many can." Friedrich Wilhelm Raiffeisen's motto particularly applies to the fight against money laundering and crime in international payment transactions. Since the 1990s, the EU has been regulating money laundering prevention with directives that the member states implement into different national laws. Most credit and financial institutions in Europe have invested a lot of money and resources in money laundering prevention in recent years. Despite comprehensive regulatory and organizational efforts at all levels, credit and financial institutions are still too often misused for the purpose of money laundering and terrorist financing, especially in international payment transactions.

The signatories of this declaration want to change this sustainably by consistently complying with and further developing their own prevention measures, by proactively engaging with the legislator for a stronger AML legal framework, as well as by intensifying efficient and effective cooperation with all institutions and organizations active in the fight against money laundering. They are committed to the following principles:

Principles

1. The signatories declare that they will do everything in their power to contribute to the prevention of money laundering and the financing of terrorism within their own areas of responsibility.

2. In concrete terms, the signatories commit themselves to the following targets in their own areas of responsibility:

    a. Offshore clients: We will significantly and sustainably reduce the share of offshore customers in our portfolio.

    b. Correspondent banking relationships: We will further follow our internally established framework, ensuring guidance on entering and continuing correspondent banking relationships. Thus, by the end of 2021 we will terminate business relationships with over 130 partners and substantially limit so called nested payments (these are payments that do not come directly from our customers, but from customers of the correspondent banks of our correspondent banks). Only a maximum of ten reputable international correspondent banks will be entitled to transfer nested payments via RBI from 2022 onwards. Moreover, we only have direct correspondent banking relationships with solid financial institutions.

    c. Customers with a high reputational risk: We will consistently accomplish our portfolio clean-up and will not enter new business relationships with customers without a flawless reputation.

    d. Investment in compliance: We have already invested substantial amounts of resources into our compliance systems and we will continue to do so. State-of-the-art compliance system and their continuous improvement help to meet legal and societal expectations by remaining trustworthy and secure.

    e. Support of legislative initiatives: We step up the fight against money laundering in Europe, because measures adopted by banks must be based on a sound legal framework. The aim is to prevent the proceeds of illegal transactions finding their way into the legal financial cycle.

3. The signatories obviously commit themselves to comply with all international and national laws and regulations to combat money laundering and terrorist financing and to further expand their own money laundering prevention measures. They also commit themselves to actively participate in the national and international discourse and legislative processes regarding improving anti-money laundering systems.

4. The signatories are aware that no amount of effort of individual financial centers and individual financial institutions will be sufficient to cope with the ever-changing forms and patterns of international money laundering and terrorist financing. The signatories therefore support all measures that lead to improved cooperation between all organizations involved in the fight against money laundering and terrorist financing.

5. The declared aim of the signatories is to achieve greater efficiency and improved proactive measures to combat money laundering and terrorist financing by cooperating closely with authorities, other financial institutions and national and international experts. This is to be achieved through an improved exchange of information on methods, suspicious transaction patterns and new types of crime that have been jointly identified.

The Management Board

Johann Strobl

Andreas Gschwenter

Łukasz Januszewski

Peter Lennkh

Hannes Mösenbacher

Andrii Stepanenko

Group management report

Market development

Global economic developments amid the pandemic

Economic and financial market developments in 2020 were shaped by the global spread of COVID-19 and the associated restrictions to contain the pandemic. In early spring the sharply rising number of cases led to severe restrictions on business activities. These were accompanied by an unprecedented recession which affected all areas of the economy but particularly the service sector. As the number of new cases was greatly reduced in most countries after several weeks, there was a gradual easing of the lockdown measures and a significant rebound in economic activity began in May. However, in the last quarter new infections in many countries rose above the levels recorded in the spring, leading to renewed restrictions until the end of the year, in some cases similarly severe to those imposed in the spring.

GDP in the euro area fell by around 15 per cent on a cumulative basis in the first half of 2020. Even though some parts of the economy were able to recover to pre-pandemic levels during the summer, overall economic output in the third quarter was still around 4 per cent below end-2019 levels. GDP declined again in the fourth quarter of 2020 but to a significantly lesser extent than in the first half of the year. Over the year as a whole, GDP decreased by around 7 per cent.

The ECB responded to the COVID-19 crisis with extensive monetary policy easing. Additional refinancing operations were conducted for banks, and conditions for targeted longer-term refinancing operations were made significantly more attractive. The existing bond purchase program (Asset Purchase Program or APP) of € 20 billion per month was expanded by € 120 billion from March 2020 until the end of 2020. Additionally, there was a further increase in the pandemic emergency purchase program (PEPP) in December to a preliminary total size of € 1,850 billion and it was extended until March 2022 at the earliest. Overall, the central bank succeeded in keeping money market and capital market interest rates at a low level.

In the wake of the spring lockdown, the Austrian economy recorded a marked decline in GDP, which decreased by 2.8 per cent in the first quarter of 2020 compared to the fourth quarter of 2019 and by 11.6 per cent in the second quarter relative to the prior quarter. In the third quarter there was a significant increase in economic output, driven by easing restrictions, which was however followed by renewed business closures in the last two months of the year, leading to another drop in economic output in the final quarter (down 4.3 per cent). In contrast to the spring, industry showed a certain degree of resilience during the second lockdown, resulting in a noticeably smaller decline in GDP during the fourth quarter than in the second quarter. In 2020 as a whole, GDP declined 7.4 per cent (2019: up 1.4 per cent). On the demand side, this was due primarily to private consumption and at sector level due mainly to consumer-related services.

For Europe, the global economic environment was comparatively benign in 2020. Although the US economy also slid into a deep recession in the first half of the year, over the year as a whole GDP in the US contracted by only half as much as in the euro area. The rapid recovery in private consumption in the US was a result in particular of far-reaching fiscal measures despite continued high infection dynamics and political turbulence related to the transition of power in the White House. China managed to bring the pandemic under control significantly faster than Western democracies, which resulted in positive economic growth of 2.3 per cent in 2020. Although this corresponds to China's lowest GDP growth in decades, the economic momentum, bolstered by government infrastructure projects, provided for a positive surprise.

CE and SEE: impact of pandemic varies across countries, EE less severely affected

Despite the lockdowns and ensuing negative effects on domestic demand and consequently on consumption, consumer prices in Central Europe (CE) rose 3.2 per cent in 2020. This once again put inflation well above the 2 per cent mark. In contrast, the Southeastern Europe (SEE) region saw comparatively mild inflationary pressure (1.9 per cent) in the face of a decline in consumer demand and a lower inflow of foreign tourists. The disinflationary tendencies resulting from the lockdowns even led to declining year-on-year inflation rates in some countries (Croatia and Bosnia and Herzegovina) in the second and third quarters. As in the previous year, inflationary pressure in SEE mainly came from Romania, but abated from the second quarter onward as well. All in all, the inflation trend enabled Central and Southeastern European central banks to somewhat mitigate the effects of the recession through expansionary monetary policy measures. Unlike during previous crises, the economic upheavals in 2020 could be responded to with monetary policy easing. This not only included interest rate cuts that nearly exhausted the conventional scope of monetary policy, but also monetary policy measures such as bond purchases in Hungary, Poland, Romania, and Croatia.

Economic activity in CE recorded a marked decline of 4.0 per cent in 2020 (2019: up 3.8 per cent). The region was hit by a particularly severe second wave of the virus, which led to another drop in economic output in the fourth quarter, albeit by less than expected. The region's high dependency on the automotive sector and the temporary slump in foreign demand were also negative factors in the past year. The CE economies were, however, well-positioned at the outset of the crisis, with 2020 following a number of years of uninterrupted and dynamic economic growth, low unemployment rates and prudent fiscal policy. This positioning enabled governments to adopt appropriately scaled fiscal measures to mitigate the effects of the crisis.

The SEE region was impacted to a greater extent than the CE and Eastern Europe regions, with economic output declining 4.2 per cent in 2020 (2019: up 3.8 per cent). In SEE the region's dependency on tourism (Croatia: down 8.4 per cent) and remittances from nationals working abroad was especially noticeable. The strong domestic demand of previous years therefore failed to continue. Serbia experienced a comparatively mild recession (down 1.1 per cent), owing to particularly extensive fiscal and monetary stimuli and a partial recovery of private consumption.

In contrast to previous crises, such as the financial crisis in 2008/09, Eastern Europe (EE), which includes Russia, Ukraine, and Belarus, was less affected by the economic impact of the pandemic than the CE and SEE regions. The EE region's GDP declined 3.1 per cent in 2020, following a slight increase of 2.1 per cent in the previous year. Russia only tentatively instituted lockdown measures, while the energy and commodities industries were able to continue production. The negative impact of the fall in crude oil prices in the first half of the year was partially offset by the use of budget surpluses from previous years as well as currency depreciation and interest rate cuts. In addition, there were no negative effects from renewed economic sanctions. In Ukraine, 2020 (GDP decline of 4.2 per cent) was marked by political risks in addition to the effects of the pandemic. Ambitious reform plans were not put into effect after a government reshuffle in the spring. Cooperation with the IMF proved difficult. Nevertheless, the economy and currency remained stable, due in part to a stability-oriented policy approach implemented in previous years. Belarus proved to be an exception with respect to COVID-19 policies insofar as its government did not impose a lockdown. The second half of the year was marked by protests following the presidential election. With a decline in GDP of only 0.9 per cent, economic activity surprised on the upside; moreover, the currency remained relatively stable following a devaluation in the first half of the year.

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

Region/country	2019	2020e	2021f	2022f
Czech Republic	2.3	(5.6)	2.5	5.5
Hungary	4.6	(5.2)	5.0	5.5
Poland	4.5	(2.8)	3.7	4.4
Slovakia	2.3	(5.2)	5.0	3.5
Central Europe	**3.8**	**(4.0)**	**3.7**	**4.7**
Albania	2.2	(4.8)	4.0	4.0
Bosnia and Herzegovina	2.6	(4.8)	3.0	3.5
Bulgaria	3.7	(3.7)	3.0	4.3
Croatia	2.9	(8.4)	5.1	3.0
Kosovo	4.9	(5.1)	4.5	3.5
Romania	4.1	(3.9)	5.2	4.5
Serbia	4.2	(1.1)	4.5	3.0
Southeastern Europe	**3.8**	**(4.2)**	**4.6**	**4.0**
Belarus	1.3	(0.9)	1.5	2.0
Russia	2.0	(3.1)	2.3	1.3
Ukraine	3.2	(4.2)	3.8	3.5
Eastern Europe	**2.1**	**(3.1)**	**2.4**	**1.5**
Austria	**1.4**	**(7.4)**	**3.5**	**5.0**
Euro area	**1.3**	**(6.8)**	**4.3**	**3.7**

Source: Raiffeisen Research, as of 23 February 2021 (e: estimate, f: forecast); subsequent revisions may be made for prior years

Banking sector in Austria

The Austrian banking sector was also presented with challenges in 2020. Not least due to support from numerous monetary and fiscal policy measures taken by both the Austrian and European authorities, the Austrian banking sector was able to continue to fulfill its important function for both the corporate sector and private households. In the corporate customer business, the previously dynamic loan growth weakened only slightly, with government guarantees having a significant supportive effect. Lending to households also proved comparatively resilient despite declining growth rates in the outstanding volume of consumer loans. Banks’ asset quality generally improved, with the sector’s NPL ratio (non-performing loans) reaching around 2 per cent (2019: 2.2 per cent). The domestic loan portfolio had an even lower NPL ratio of around 1.5 per cent. Loan repayment deferrals are one of the many measures adopted as a result of the COVID-19 crisis. The peak in loan volumes subject to repayment deferral was reached in June at € 30.6 billion; since then, they have declined by half (October: € 15.6 billion). Banks’ profitability suffered as a result of increased provisioning requirements for potential non-performing loans. These rose significantly during the year and put additional pressure on the profitability of the banking sector. While the results of the Austrian banking sector for the first half of 2020 were 75 per cent below the previous year's level, the CE and SEE subsidiaries of Austrian banks saw their results decline by only around 32 per cent over the same period. The sector's capitalization remained stable over the course of the 2020 financial year.

Development of the banking sector in CEE

In retrospect, 2019 proved to be the culmination of a five-year path of steady improvement in asset quality and recovery in profitability in CE/SEE banks' core markets, which was interrupted by the COVID-19 outbreak in 2020. It should be emphasized that the CEE banking sector entered the crisis with sound fundamentals. Extensive policy support has also helped the banks to manage the crisis relatively well to date. While the pandemic diverted CEE banking markets from their path of ongoing loan growth, the fiscal and monetary policy response as well as regulatory easing kept lending growth momentum in positive territory (single digit per cent growth rates for the most part). Residential mortgages stand out as particularly robust (Czech Republic, Slovakia, Romania, Croatia and Russia). However, the moderate releveraging trend (increase in loan-to-deposit ratio) that began in 2019 was halted by the pandemic, which caused the average loan-to-deposit ratio to fall back to around 80 per cent in some markets due to an increased propensity to save, resulting from the decline in consumption, and the inflow of government deposits. Overall, the transformation of the deposit base towards shorter maturities continued. An increase in loan loss provisions was seen in the region as a whole, which was mainly the result of the migration of loans to IFRS Stage 2 while the rate of actual non-performing loans barely changed thanks to repayment deferrals for borrowers and government guarantee schemes. Higher risk costs brought ROE levels in most CE/SEE markets down to between 4 and 8 per cent, while certain EE markets (Russia, Ukraine) still had double-digit returns.

Regulatory environment

Banking supervision

In 2020 the European Banking Authority (EBA) also dealt with the development of the COVID-19 pandemic and the possible repercussions for the banking sector. Against this backdrop, it focused on three areas: credit risk (with an emphasis on concentration risk), risk management (in connection with internal governance) and data quality.

Furthermore, the EBA deemed it necessary to make changes to the Supervisory Review and Evaluation Process (SREP) guidelines (EBA/GL/2014/13) due to uncertainty relating to the COVID-19 pandemic. These should enable a flexible and pragmatic approach with regard to the implementation of SREP 2020.

Dividend restrictions

In a statement on 12 March 2020, the EBA urged credit institutions to follow a prudent dividend policy. At the same time, it was emphasized that all measures provided by the supervisory authorities are intended to be used for financing a response to the crisis and not for distributions. In June, the EU's European Systemic Risk Board (ESRB) recommended that dividend distributions be postponed until at earliest 1 January 2021.

On 27 July 2020, the European Central Bank (ECB) followed these recommendations with an extension of its initial recommendation until at earliest 1 January 2021. This was due to increased economic uncertainty and the difficulty of assessing the real impact of the COVID-19 crisis. A further recommendation from the ECB on 15 December 2020 called for extreme caution with regard to the distribution of dividends. However, dividend payments up to the thresholds prescribed by the ECB will be tolerated, provided that capitalization is solid and risk provisioning levels are appropriate.

Basel IV

At the end of 2017, the Basel Committee on Banking Supervision finalized the new international rules for calculating capital requirements under Pillar 1 (Basel IV). The primary objective of the new rules is to make banks' risk calculations more comparable. To accomplish this, not only were large parts of the standard models changed, but the permitted scope of application of internal models was also reduced and the requirements for these models were revised. In addition, an output floor will be phased in by 2027, setting a future floor for capital requirements calculated using internal models at 72.5 per cent of the values calculated using the standard models.

The Basel Committee's targeted implementation date was extended by one year to 1 January 2023 due to the COVID-19 pandemic. As there is still no legal implementation of the standards for the EU, there are currently no binding requirements with respect to the expected implementation date.

According to the EBA Call for Advice on the implementation of Basel IV, the new internal ratings-based (IRB) approach and related reduction in risk-weighted assets is expected to provide relief in terms of capital requirements. However, this assumption does not include the impact of the output floor. These effects are in any event dependent on the concrete implementation by European legislators.

Sustainable finance

New developments in sustainable finance also made their mark in 2020. The European Commission's Green Deal aims to make Europe the first climate neutral continent by 2050. As a consequence, the main focus is on sustainable activities in industry, to be achieved by means of CO_2 pricing rules and CO_2 limits, the further development of renewable energy production, investments in green buildings, e-mobility, waste management and recycling. For the financial services sector, this is primarily to be achieved through increased transparency and disclosure requirements for financial products and the inclusion of climate and environmental risks in the EU supervisory framework. RBI took part in the voluntary 2020 EBA climate stress test, as well as in the Paris Agreement Capital Transition Assessment (PACTA) 2020, involving a climate risk assessment of its financial portfolio.

Parallel to RBI's successful green bond issuance activity, which has been taking place since 2018, sustainable lending has also grown strongly. Since 2020, RBI has also offered financing which is already geared towards the EU Taxonomy. This relates to a European framework which details specific conditions and thresholds for economic activities (e.g., the production of aluminum, steel, cement or energy), in order to determine whether or not an activity can be rated as sustainable. If carbon-intensive industries can conduct their activities according to the conditions of the EU Taxonomy, they will materially contribute to the EU's climate goals. For this purpose, RBI established a sustainability framework which is geared towards the aforementioned EU Taxonomy, the RBI Green Bond Framework, and corresponding guidelines from supranational banks (European Investment Bank and European Bank for Reconstruction and Development). This is to ensure that there are Group-wide quality standards for sustainable finance. On the basis of these standards, investment activities and the associated financing can be rated as either green, neutral, or not sustainable. RBI aims to assist these industries and customers in their transformation towards sustainable production and to provide support through financing. Furthermore, the establishment of the Responsible Banking Steering & Decision Body – a committee which advises the RBI Management Board and spans different functions and board areas – has strengthened the focus on sustainable finance.

Digitalization in the financial sector

The effect of increased digitalization, development and application of new technologies as well as new business models and financial products was also apparent in the regulatory sphere in 2020. Although the supervisory authorities have concerned themselves for some time with fintechs and the implications of digitalization, the European Commission presented an extensive package relating to digital finance for the first time in 2020. This included a comprehensive digitalization strategy for the financial sector as well as a strategy for retail payment services. Furthermore, new proposals for legislation were initiated within the context of the digital finance package: firstly, for the regulation of crypto assets (MiCA) as well as pilot regulation for market infrastructure based on blockchain technology and, secondly, for the regulation and stability of digital systems relating to cybersecurity and resilience (DORA).

Furthermore, the European Commission presented its proposal in February 2020 for a European data strategy as well as a white paper on artificial intelligence including concepts for a possible regulatory framework. The EBA also regularly addresses developments in digitalization and new technologies and conducted, for example, surveys on regtech and digital platforms during 2020. On a national level, the Austrian Financial Market Authority's regulatory sandbox, which was established last year, was a notable development.

BCBS 239

The Basel Committee on Banking Supervision has issued 14 principles for risk data aggregation and risk reporting of credit institutions (BCBS 239). They reflect the Basel Committee's conclusions that data quality and governance play a fundamental role in bank management and the efficiency of banking operations.

Due to its classification as a systemically important institution, RBI will comply with these principles. It has developed a comprehensive Group-wide action and implementation plan that ensures compliance with the BCBS 239 principles and is currently being executed in consultation with the relevant supervisory authorities.

Bank recovery and bank resolution

In Austria, the Bank Recovery and Resolution Directive (BRRD) was transposed into Austrian law by the Bank Recovery and Resolution Act (BaSAG). The review of the BRRD was negotiated up until the end of 2018 as part of the trilogue process and had to be implemented by 28 December 2020 through an amendment to the BaSAG.

RBI has a Group recovery plan as required by law. It sets out measures for restoring financial stability in the event that this becomes necessary. The BaSAG also requires resolution authorities, in close collaboration with the banks, to draw up resolution plans based on the underlying resolution strategy (multiple point of entry (MPE) or single point of entry (SPE)):

- The resolution plan has to facilitate the effective application of the resolution tools and describe the resolution strategy and its implementation
- RBI has adopted an MPE approach. The responsible authorities define resolution groups for those units identified as relevant to the resolution process
- The resolution authority decides which resolution tools (sale of business, bridge institution, asset separation and bail-in) should be used; the preferred instrument in the event of an RBI resolution would be bail-in
- Official targets for minimum requirements for own funds and eligible liabilities (MREL targets) are set annually for each resolution group (the next notification is expected in the second quarter of 2021)

General Data Protection Regulation (GDPR)

RBI considers the comprehensive protection of all data that is either transmitted to it or made available to it, in particular data relating to natural persons (e.g. customers and employees), to be an integral part of its business activities. As such, RBI attaches great importance to data protection. In the collection, storage, processing and transmission of personal data relating to natural persons, in addition to observing the mandatory legal requirements RBI maintains internal policies and procedures which must be adhered to, embedded in an organizational and operational structure specifically for data protection. These are refined whenever necessary in coordination with the data protection officer. Compliance with these requirements, policies and procedures is managed by the organizational units Group Data Privacy & Quality Governance, Group Information & Cyber Security and Group Business Continuity Management & Physical Security. Compliance is also monitored and supervised by the data protection officer. As is the case for all European companies, RBI is faced with the extensive requirements for transferring data to countries outside of the EU brought about by the Schrems II judgement of the Court of Justice of the European Union.

Capital Markets Union

The new action plan for implementation of the Capital Markets Union consists of 16 measures, for example, for providing access for SMEs to bank financing, the participation of retail investors, removal of barriers to cross-border investments and the creation of an appropriate market infrastructure. The establishment of a suitably designed European Single Access Point (ESAP) is intended to bring about the changes urgently needed to increase the visibility of EU companies and help with capital allocation.

An effective Capital Markets Union will contribute to the rebuilding of the EU economy, by providing new sources of finance for companies and through offering investment opportunities to Europeans. The strengthening of the capital markets is a prerequisite for the European Green Deal and the digital transformation.

Significant events in the reporting period

Financial year strongly influenced by COVID-19 pandemic

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

Many governments attempted to control the impact of the pandemic in the financial year through various measures to restrict contact, which led to a partial or near total lockdown of national economies. The adverse effect on the economic situation, particularly in certain sectors, cannot be fully quantified at present due to diverse governmental support measures and interventions in the legal framework.

As a result of the measures and severe global recession, RBI also reported a significant decline in profit. In order to better reflect the resulting loan portfolio losses, additional expected impairment losses of around € 282 million were posted in excess of the ECL model. This contributed nearly 30 basis points to the 42 basis point increase in the provisioning ratio and relates to post-model adjustments to estimates of the expected credit losses. The adjustments were necessary as the models do not fully capture the speed of the changes and the severity of the pandemic's economic effects. Individual sectors such as tourism (including leisure facilities), aviation (including freight transport), extraction and processing of oil and natural gas, as well as the automotive industry, have been hardest hit. Further information on the development in provisioning for impairment losses can be found in the notes to the consolidated financial statements.

In addition to the significantly higher net provisioning for impairment losses, impairments on equity investments and goodwill amounting to approximately € 95 million were recognized due to changes in medium-term planning parameters. Loan modifications due to payment moratoriums in an amount of minus € 29 million were recorded through profit/loss. Further information can be found in the notes to the consolidated financial statements.

Payment moratoriums

Many of RBI's markets saw the introduction of various moratoriums that can essentially be summarized as payment moratoriums. Borrowers were granted a temporary deferral of obligations to make principal repayments as well as payments for interest and fees. The payment moratoriums were structured differently depending on local legislation or the regulatory guidelines in the respective banking sector. Borrowers in some countries (such as Croatia, Romania and Austria) could choose whether to make use of a payment moratorium, while those in other countries (such as Hungary and Serbia) were automatically granted payment moratoriums. Countries implemented different approaches to both the duration of the payment moratorium and to the capitalization of interest during the moratorium period (with or without compound interest). At the peak, up to € 11 billion of loans were subject to a moratorium. While moratoriums in some countries have already expired, there was still a volume of almost € 3 billion at the balance sheet date, mostly in Hungary where the moratorium was extended to the middle of 2021.

A change in payment plans may lead to a net present value loss on an individual loan contract, which is generally recognized in the other result of RBI as a one-off adjustment to the gross carrying amount resulting from an immaterial modification of the contract. In 2020, a net present value loss of € 29 million was reflected in the result in this respect. Further effects can be expected in subsequent reporting periods.

Direct government programs

Like many banks, RBI saw an increase in demand for loans from companies as a result of the economic consequences of the COVID-19 pandemic. This was mainly for bridge loans and refinancing, while demand for investment finance fell. In Austria, in particular, loans granted to companies had government guarantees.

To counter the economic downturn caused by the COVID-19 pandemic, many countries adopted various support measures for the economy and to protect jobs. The measures include various forms of direct financial support for individuals, households and businesses, as well as bridge loans extended by banks and guaranteed by governments to ensure that companies have sufficient liquidity during the COVID-19 pandemic.

Restrictions on capital movements and dividend payments

In order to strengthen the capital base of banks and financial institutions during the COVID-19 pandemic, many countries introduced restrictions on dividend payments for the 2019 and 2020 financial years, either through recommendations from supervisory authorities or through enacted legislation for the duration of the COVID-19 pandemic. In contrast to many EU countries, however, there were dividend payments from Russia and Ukraine totaling € 535 million.

Regulatory relief

In the context of the COVID-19 pandemic, both the ECB and the EBA enacted regulatory relief measures to enable banks supervised by the ECB to continue to play their central role in providing financing to households and businesses. The ECB explicitly allowed banks under its supervision to operate below the levels defined by the Pillar 2 guidance, the capital conservation buffer and the liquidity coverage ratio. Banks were also allowed to use other capital instruments in addition to common equity tier 1 capital to meet capital requirements. This particular measure would originally not have come into force until the beginning of 2021 as part of the implementation of CRD V (Capital Requirements Directive). Furthermore, the ECB is of the opinion that these measures should be supported by an appropriate relaxation of the countercyclical capital buffer by the national supervisory authorities. The EBA also expects consistent application of the rules regarding the definition of default, forbearance and IFRS 9, and calls for the use of the full flexibility provided for in the regulations.

Bank levy in Slovakia

In June 2020, the Slovakian government decided to completely abolish the bank levy which had initially been doubled at the beginning of 2020 from the second half of 2020. In 2020, RBI paid € 26 million in bank levies in Slovakia (previous year: € 24 million).

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

On 16 September 2020, in line with the ECB's recommendation on dividend payments, the Management Board decided to propose to the Annual General Meeting on 20 October 2020 that the entire € 332 million net profit for the 2019 financial year be carried forward. The proposed resolution was approved by the Annual General Meeting.

Earnings and financial performance

Like most banks, RBI also ended the financial year below its own expectations and the previous year's results in light of the pandemic. Despite the challenging market conditions and the ongoing low interest rate environment, consolidated profit posted a comparatively moderate decline of 34 per cent, or € 423 million, to € 804 million. In addition to its direct effects, the pandemic also resulted in significant currency devaluations in some of RBI's core markets. In particular, both the Russian ruble and the Ukrainian hryvnia fell 31 per cent while the Hungarian forint fell 10 per cent year-on-year, with a corresponding impact on total comprehensive income.

In this environment, operating income decreased 5 per cent, or € 280 million, and was influenced in particular by a 5 per cent decline in net interest income and a 3 per cent decline in net fee and commission income. The lockdown measures resulted in revenue-related reductions, especially in the second quarter, while net interest income was affected by lower interest rates, primarily as a result of key interest rate cuts in some markets. On the other hand, the currency effect was also reflected in general administrative expenses. Combined with reductions in other administrative expenses, this resulted in a decrease of 5 per cent or € 144 million.

The recession caused by COVID-19 negatively impacted RBI primarily through impairment losses on financial assets in the amount of € 630 million, corresponding to an increase of € 396 million, two-thirds of which related to corporate customers. The main portion of new provisions is attributable to the stage transfer to stage 2 in the ECL calculation (€ 301 million net), while impairment losses on defaulted loans (stage 3) increased only € 123 million.

Comparison of results with the previous year

in € million	2020	2019	Change	
Net interest income	3,241	3,412	(171)	(5.0)%
Dividend income	22	31	(9)	(29.3)%
Current income from investments in associates	41	171	(131)	(76.3)%
Net fee and commission income	1,738	1,797	(59)	(3.3)%
Net trading income and fair value result	94	(17)	111	–
Net gains/losses from hedge accounting	0	3	(4)	–
Other net operating income	60	78	(19)	(23.6)%
Operating income	**5,195**	**5,475**	**(280)**	**(5.1)%**
Staff expenses	(1,566)	(1,610)	45	(2.8)%
Other administrative expenses	(986)	(1,094)	108	(9.9)%
Depreciation	(397)	(389)	(9)	2.2%
General administrative expenses	**(2,949)**	**(3,093)**	**144**	**(4.7)%**
Operating result	**2,246**	**2,382**	**(136)**	**(5.7)%**
Other result	(205)	(219)	14	(6.5)%
Levies and special governmental measures	(179)	(162)	(16)	9.9%
Impairment losses on financial assets	(630)	(234)	(396)	169.1%
Profit/loss before tax	**1,233**	**1,767**	**(533)**	**(30.2)%**
Income taxes	(324)	(402)	78	(19.5)%
Profit/loss after tax	**910**	**1,365**	**(455)**	**(33.3)%**
Profit attributable to non-controlling interests	(106)	(138)	32	(23.1)%
Consolidated profit/loss	**804**	**1,227**	**(423)**	**(34.5)%**

Operating income

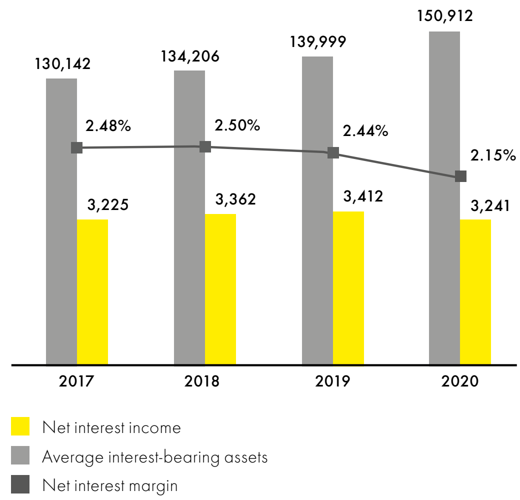
Operating income was down 5 per cent year-on-year, or € 280 million, to € 5,195 million.

Net interest income decreased € 171 million to € 3,241 million as a result of negative currency effects and, in particular, interest rate cuts in numerous Group countries in response to the consequences of the COVID 19 pandemic. In contrast, the Group's average interest-bearing assets increased 8 per cent despite significant currency devaluations. This was primarily due to an increase in short-term investments as a result of excess liquidity. Consequently, the net interest margin decreased 29 basis points to 2.15 per cent. On a currency-adjusted basis, lending grew around 5 per cent.

Net fee and commission income declined 3 per cent, or € 59 million, to € 1,738 million, primarily due to volume reductions related to COVID-19 in the second quarter, especially in the area of clearing, settlement and payments services, and due to currency devaluations.

Net interest margin

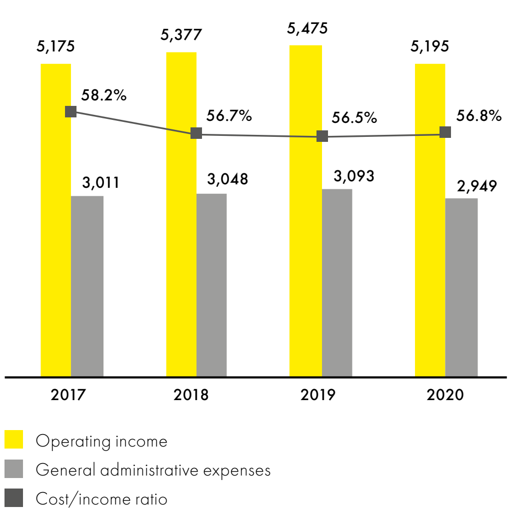
in € million



Net trading income and the fair value result improved € 111 million year-on-year to € 94 million. In the previous year, there was a one-off effect from valuation losses on unhedged portfolios that have been incorporated into a hedge relationship since mid-2019. At head office, positive changes were recorded in the financial year from the valuation of loans and advances carried at fair value as well as interest rate and credit derivatives. In contrast, gains/losses from companies valued at equity decreased € 131 million, mainly due to a one-off effect in the previous year, whereby RBI benefited from income at Raiffeisen Informatik related to the IPO of SoftwareONE.

Cost/income ratio

in € million



General administrative expenses

General administrative expenses declined € 144 million year-on-year to € 2,949 million. Currency translation resulted in a positive effect of € 113 million in the reporting period, mainly due to the devaluation of the Belarusian ruble (down 19 per cent), the Russian ruble (down 14 per cent) and the Hungarian forint (down 8 per cent) on an average basis for the period.

Staff expenses decreased 3 per cent, or € 45 million, to € 1,566 million, mainly due to currency developments in the Eastern European countries, with the average number of employees (full-time equivalents) falling 828 year-on-year to 46,345. Scheduled salary adjustments in certain markets resulted in some upward pressure on staff expenses. Other administrative expenses fell 10 per cent, or € 108 million, to € 986 million. In addition to currency effects, the main drivers of the reduction were lower advertising expenses, primarily at head office, in the Czech Republic, Romania and Slovakia, as well as lower deposit insurance fees in Russia (down € 14 million) and Romania (down € 6 million). The other expense items were also down due to the COVID-19 pandemic. Depreciation of tangible and intangible fixed assets rose 2 per cent, or € 9 million. As a result of optimization measures taken, the number of business outlets was further reduced year-on-year, by 183 to 1,857, with the largest reductions in Ukraine (99), Russia (22), Romania (17) and Slovakia (15).

Other result

The other result totaled minus € 205 million in the reporting period compared with minus € 219 million in the same period of the previous year. Impairment losses on investments in companies valued at equity amounted to € 68 million, a decrease of € 29 million. In the financial year, impairment losses were recognized on investments in UNIQA Insurance Group AG and LEIPNIK-LUNDENBURGER INVEST Beteiligungs AG, principally as a result of the deteriorating economic outlook caused by the pandemic. Impairment losses on other non-financial assets were € 39 million lower at € 20 million and related primarily to real estate in Russia and Slovakia.

Credit-linked provisions for litigation were allocated on a portfolio basis in an amount of € 60 million, of which € 44 million were related to the foreign-currency mortgage loan portfolio in Poland, which was below the previous year's figure of € 83 million. Provisions for property transfer taxes in Germany of € 27 million posted in the prior-year period were adjusted only slightly in the reporting period. This was in contrast to negative effects from the partial impairment on goodwill relating to Raiffeisen Kapitalanlage-Gesellschaft in the amount of € 27 million due to the revised medium-term plan as a result of the pandemic and net modification losses in the amount of € 41 million. Of this amount, € 29 million related to payment moratoriums in the lending business enacted in connection with the COVID-19 pandemic in various markets. The result from the deconsolidation of group assets decreased € 53 million after the sale of a building in Slovakia generated income of € 50 million in the comparable period of the previous year.

Levies and special governmental measures

Expenses for levies and special governmental measures increased € 16 million to € 179 million. Due to higher assessment bases as well as additional payments, there was an increase of € 26 million in contributions to the resolution fund, primarily at head office, in Bulgaria, Romania and the Czech Republic. Bank levies, on the other hand, decreased € 7 million. This was mainly due to developments in Romania, where the new bank levy, which was introduced in 2019, was abolished again in 2020.

Impairment losses on financial assets

Impairment losses on financial assets recorded a € 396 million increase in the reporting period to € 630 million as a result of the pandemic.

In the area of expected credit losses (stage 1 and 2), net impairment losses of € 315 million (an increase of € 301 million) were recognized in the reporting period due to the anticipated effects of the recession resulting from the pandemic. The industries and customer groups primarily affected were those that were most negatively impacted by the COVID-19 pandemic, particularly tourism, the hotel industry, further related sectors such as the automotive industry, air travel, oil and gas, real estate and some consumer goods sectors. This resulted in net impairment losses of € 176 million on loans to non-financial corporations and € 103 million on loans to households. Besides the modeled impairment losses, additional expected loan loss provisions of around € 282 million are included, of which € 236 million relate to non-financial corporations and € 46 million to households, as a result of adjusted macroeconomic data as well as structural effects on specific industries triggered by the COVID-19 pandemic.

A lower increase was seen in relation to defaulted loans (stage 3), for which net impairment losses of € 302 million were recognized in the reporting period, an increase of € 123 million. Of this amount, € 152 million was attributable to households and € 139 million to non-financial corporations.

At 1.9 per cent, the NPE ratio was 0.2 percentage points lower than the previous year, primarily as a consequence of the increase in loan volumes, while non-performing loans remained almost stable due to sales and derecognition. The NPE coverage ratio improved 0.5 percentage points to 61.5 per cent due to the additional impairment losses.

Income taxes

Income taxes fell € 78 million – largely as a result of lower earnings – to € 324 million. The tax rate increased 3 percentage points to 26 per cent, principally due to the lower contribution to earnings from head office, which partly resulted from the impairment losses described above.

Comparison of results with the previous quarter

Quarterly results

in € million	Q4/2019	Q1/2020	Q2/2020	Q3/2020	Q4/2020
Net interest income	881	881	825	770	765
Dividend income	5	6	8	4	3
Current income from investments in associates	120	(9)	31	22	(3)
Net fee and commission income	489	448	392	433	466
Net trading income and fair value result	70	37	25	33	(2)
Net gains/losses from hedge accounting	10	12	(8)	3	(8)
Other net operating income	65	29	12	8	9
Operating income	**1,642**	**1,405**	**1,286**	**1,273**	**1,232**
Staff expenses	(429)	(402)	(405)	(367)	(391)
Other administrative expenses	(310)	(259)	(218)	(226)	(284)
Depreciation	(109)	(94)	(96)	(97)	(110)
General administrative expenses	**(848)**	**(755)**	**(719)**	**(690)**	**(785)**
Operating result	**794**	**650**	**567**	**584**	**447**
Other result	(151)	(82)	(91)	(38)	6
Levies and special governmental measures	(21)	(128)	(38)	(7)	(6)
Impairment losses on financial assets	(154)	(153)	(158)	(185)	(133)
Profit/loss before tax	**468**	**286**	**279**	**354**	**314**
Income taxes	(88)	(79)	(66)	(95)	(84)
Profit/loss after tax	**380**	**207**	**213**	**259**	**230**
Profit attributable to non-controlling interests	(27)	(31)	(21)	(29)	(25)
Consolidated profit/loss	**353**	**177**	**192**	**230**	**205**

Development of fourth quarter of 2020 compared to third quarter of 2020

Operating income

Net interest income declined € 5 million quarter-on-quarter to € 765 million. Developments in the fourth quarter continued to be affected by key rate cuts in several markets and excess levels of liquidity. The most significant reduction was in Ukraine (down € 3 million), due to lower market interest rates. In Russia, net interest income decreased € 2 million due to volume and currency effects. The net interest margin was down 3 basis points to 1.97 per cent principally as a result of a significant increase in short-term investments and lower margins due to rate cuts relating to COVID-19.

Current income from investments in associates amounted to minus € 3 million in the fourth quarter compared to € 22 million in the previous quarter. The main reason for this was the negative result of UNIQA Insurance Group AG in the fourth quarter (minus € 12 million compared to € 14 million in the third quarter), which came under pressure largely because of a restructuring provision.

Net fee and commission income improved 8 per cent or € 33 million to € 466 million due to one-off effects and higher volumes than in the previous quarter. As a result, income from clearing, settlement and payment services rose € 18 million to € 195 million primarily in Russia, where the fourth quarter saw remuneration from payment systems service providers and volume-related growth.

Income from asset management also rose € 17 million to € 67 million due to higher volumes, especially at Raiffeisen Kapitalanlage-Gesellschaft m.b.H. and the Valida Group.

Net trading income and the fair value result declined € 35 million compared to the previous quarter to minus € 2 million. The change was largely the result of market-driven valuations of currency derivatives, mainly used in hedging relationships, and credit derivatives at head office. This was partly offset by increases from valuations of issued certificates following losses in the previous quarter resulting from movements in own credit spread. Furthermore, income increased from the valuation of loans and advances measured at fair value in Hungary.

General administrative expenses

General administrative expenses increased 14 per cent, or € 95 million, to € 785 million in the fourth quarter, mainly as a result of seasonal factors.

Staff expenses rose € 24 million quarter-on-quarter to € 391 million. The principal causes of this increase were the allocation to provisions for staff in Romania, as well as higher bonuses and salary adjustments, mainly in Russia. Compared to the previous quarter, other administrative expenses increased € 58 million to € 284 million due to seasonal factors, primarily as a result of a € 19 million rise in advertising expenses – especially in Russia, at head office and in Romania – in addition to a € 17 million rise in legal, advisory and consulting expenses, mainly at head office, in Romania and in the Czech Republic. Depreciation of tangible and intangible fixed assets increased € 13 million in the fourth quarter to € 110 million, mostly in Hungary and at head office.

Other result

The other result totaled € 6 million in the fourth quarter compared to minus € 38 million in the previous quarter. The main driver of this improvement was the valuation of investments in associates. In the third quarter, impairments on investments in associates were recognized in the amount of € 32 million. However, in the fourth quarter there were reversals of impairment losses totaling € 41 million, mainly stemming from the valuation of the investment in UNIQA Insurance Group AG. Impairments on non-financial assets rose € 17 million compared to the previous quarter, primarily on real estate in Russia and Slovakia. In Romania, credit-linked provisions in the amount of € 14 million were released in the third quarter due to a change in the estimated repayment rate with respect to fees, while the fourth quarter saw no further effects. At € 15 million, net modification losses were € 11 million above the previous quarter's level.

Levies and special governmental measures

Levies and expenses from special governmental measures in the fourth quarter mainly comprised bank levies and declined € 1 million compared to the third quarter to € 6 million. The bank levies were primarily related to current payments in Austria.

Impairment losses on financial assets

At € 133 million, impairment losses on financial assets were € 52 million below the level of the previous quarter. At head office, a € 71 million reduction was recorded, relating to post-model adjustments (subsequent model adjustments to estimates of expected credit losses) and stage 3 impairments (defaults). In the fourth quarter, the post-model adjustments mainly related to real estate and project finance, while in the third quarter significantly higher provisions were recognized for the hotel and leveraged finance portfolios. The € 20 million reduction in Russia resulted primarily from lower provisions for retail customers due to positive changes in the risk parameters. In contrast, the Czech Republic reported higher impairments than in the previous quarter (increase: € 19 million) due to a change in macroeconomic parameters for the retail and corporate customer portfolios and to defaults in the retail customer business. In Romania, the € 15 million increase was mainly driven by post-model adjustments to the office property portfolio and updates to macroeconomic data for the retail portfolio.

Income taxes

Due to lower results, income taxes fell € 11 million to € 84 million, whereby the tax rate remained constant compared to the previous quarter at 27 per cent.

Statement of financial position

Since the beginning of the year, RBI's total assets rose 9 per cent or € 13,759 million to € 165,959 million. In contrast, currency movements against the euro – affected by depreciation pressure on numerous CEE currencies as a result of the crisis, especially the Russian ruble and the Ukrainian hryvnia (down 31 per cent), the Belarusian ruble (down 35 per cent), the Hungarian forint (down 10 per cent) and the US dollar (down 9 per cent) – led to a decline in total assets of 4.5 per cent or € 7,470 million. On a currency-adjusted basis, total assets grew € 21,229 million or 13.5 per cent.

Assets

in € million	2020	2019	Change	
Loans to banks	11,952	9,435	2,517	26.7%
Loans to customers	90,671	91,204	(533)	(0.6)%
Securities	22,162	19,538	2,623	13.4%
Cash and other assets	41,174	32,022	9,152	28.6%
Total	**165,959**	**152,200**	**13,759**	**9.0%**

The 27 per cent or € 2,517 million increase in loans to banks was mainly the result of short-term investments at commercial and central banks.

Growth in lending to customers was limited by the sharp currency devaluations and consequently declined slightly overall, by 1 per cent or € 533 million. Many markets continued to record growth in the customer business on a currency-adjusted basis. The € 1,098 million or 4 per cent increase at head office related to loans to corporate customers (€ 856 million), primarily in project and real estate financing and short-term lending to governments and the public sector (€ 867 million), whereas there was a decrease in loans to other financial corporations – mainly repo transactions. In Slovakia, loans to customers grew € 371 million or 3 per cent, predominantly driven by mortgage loans to households and real estate financing for corporate customers. Hungary and Russia recorded – on a currency-adjusted basis – increases of € 676 million or 18 per cent and € 561 million or 5 per cent respectively.

Securities, which largely consist of debt securities, increased € 2,623 million, primarily due to the investment of liquidity in government bonds, mainly comprising an increase of € 1,117 million at head office, € 694 million in the Czech Republic, € 445 million in Slovakia and € 376 million in Romania.

Cash balances increased € 9,371 million to € 33,660 million, principally driven by head office with an increase of € 6,859 million for liquidity management reasons, mainly in the form of balances held at the Austrian National Bank and repo transactions, together with an € 862 million increase in Romania.

Equity and liabilities

in € million	2020	2019	Change	
Deposits from banks	29,121	23,607	5,514	23.4%
Deposits from customers	102,112	96,214	5,899	6.1%
Debt securities issued and other liabilities	20,438	18,614	1,824	9.8%
Equity	14,288	13,765	523	3.8%
Total	**165,959**	**152,200**	**13,759**	**9.0%**

The Group's funding from banks, which mainly relates to short-term deposits at head office, rose 23 per cent or € 5,514 million.

Deposits from customers grew 6 per cent or € 5,899 million despite strong currency depreciation. The largest increases occurred at head office (up € 2,051 million or 10 per cent), primarily driven by short-term deposits from non-financial corporations, in Romania (up € 1,434 million or 19 per cent), in the Czech Republic (up € 1,343 million or 10 per cent), and in Hungary (up € 727 million or 12 per cent).

The € 1,824 million increase in debt securities issued and other liabilities related mainly to head office (up € 1,722 million) as a result of the issuance of new debt securities (increase of € 1,330 million). Among the debt securities issued by RBI were a € 500 million tier 2 bond as well as a € 500 million subordinated bond.

For information relating to funding, please refer to note (53) Liquidity management in the risk report section of the consolidated financial statements.

Equity on the statement of financial position

Equity including capital attributable to non-controlling interests rose € 523 million from the start of the year to € 14,288 million. This change was mainly due to the issuance of additional tier 1 capital (AT1) with a nominal value of € 500 million and to total comprehensive income of € 103 million.

Total comprehensive income of € 103 million comprised profit after tax of € 910 million and other comprehensive income of minus € 806 million. The main contribution to other comprehensive income came from currency exchange rate differences, particularly for the Russian ruble (minus € 625 million), the Ukrainian hryvnia (minus € 135 million) and the Belarusian ruble (minus € 104 million). The partial hedge of the net investment resulted in a positive contribution of € 183 million.

No dividend was distributed to RBI's shareholders in 2020 due to the ECB's recommendations. A total of € 47 million was paid out to holders of non-controlling interests in Group companies, particularly in Ukraine. Dividend payments of € 74 million were also made on AT1 capital.

Taking the ECB's recommendation on dividend payments into account, the Management Board of RBI AG will propose to the Annual General Meeting (planned for 22 April 2021) to pay a dividend of € 0.48 per share. The total dividend paid based on shares issued would be no more than € 158 million. The Management Board reserves the right to consider a possible additional dividend payment as soon as the ECB withdraws its recommendation.

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

Common equity tier 1 (CET1) after deductions amounted to € 10,762 million, representing a € 100 million reduction compared to the 2019 year-end figure. While currency effects and loan loss provisioning recognized directly in equity had a negative impact, the profit for the year increased CET1. Following the recommendation from the ECB, the Management Board proposed to the Annual General Meeting on 20 October 2020, for the entire net profit for the 2019 financial year to be carried forward. This proposal was adopted by the Annual General Meeting. However, the proposed dividend for 2020 of € 0.48 per share, as well as the dividend proposal originally announced for the 2019 financial year of € 1 per share are deducted from CET1. Tier 1 capital after deductions increased € 397 million to € 12,489 million. The increase was primarily attributable to an only slight reduction in CET1 and the issuance of € 500 million of additional tier 1 capital in July 2020. Tier 2 capital rose € 161 million to € 2,101 million. The increase was driven by the issuance of a tier 2 bond in June 2020, offset by regulatory amortization of outstanding issues. Total capital amounted to € 14,590 million, representing an increase of € 558 million compared to the 2019 year-end figure.

Total risk-weighted assets (RWA) increased € 898 million year-on-year to € 78,864 million. The major reasons for the increase were new loan business as well as business developments at head office, in Russia and in the Czech Republic. Organic growth and rating downgrades were offset by negative currency effects, especially from the Russian ruble, the Ukrainian hryvnia, and the Czech koruna. An increase in market risk, mainly driven by the rise in volatility caused by the COVID-19 pandemic, also led to an increase in risk-weighted assets.

This resulted in a (fully loaded) CET 1 ratio of 13.6 per cent (down 0.3 percentage points). The dividend originally proposed for 2019 remains deducted (effect of 0.4 percentage points), as does the dividend proposal for 2020 (0.2 percentage points). The tier 1 ratio stood at 15.7 per cent (up 0.3 percentage points) and the total capital ratio at 18.4 per cent (up 0.6 percentage points).

Research and development

Product development

In financial engineering, customized solutions in connection with investments, financing and hedging are developed for customers. Financial engineering encompasses not only structured investment products, but also structured financing, i.e. financing concepts that go beyond the use of standard instruments and are employed in areas such as acquisition or project financing. RBI also develops individual solutions for its customers to hedge a broad spectrum of risks, from interest rate risk and currency risk through to commodity price risk. Besides financial engineering, RBI is also actively working on the further development of integrated product solutions for international clearing, settlement and payment services in the area of cash management.

Digitalization

A central theme for banks in the ongoing advancement of digitalization is the growing relevance of mobile banking. While the penetration (rate of active mobile banking use) was at 32 per cent for RBI Group in 2019, it had reached 43 per cent in 2020 (this figure varies greatly between markets). It is expected to continue to rise to 55 per cent by the end of 2021. There is also growing acceptance of online loans: At the end of 2019, 25 per cent of loans were granted through digital channels, and this increased to 48 per cent by year-end 2020. As a result of the exceptional circumstances due to the COVID-19 pandemic, the 2021 target of 35 per cent was thus already exceeded substantially in 2020.

In its product range for retail customers and small businesses, RBI places a strong focus on the full end-to-end digitalization of the core products (accounts, cards and loans). With this and the branch network optimization which is taking place in parallel (down 300 branches by 2022), RBI expects to achieve yearly cost savings as well as additional income by 2025.

Furthermore, there are plans to develop more products and individual product components centrally and to make these available to all of the Group's banks. RBI also expects lower costs a result of this initiative. Aside from the financial benefits, this should lead to a substantial reduction in the time required for the full digitalization of the 5 most important products across the entire Group.

Digitalization is also a key issue for corporate and institutional customers. Since the end of 2019, RBI has digitalized a series of products and services on the myRaiffeisen platform. This includes a digital KYC process (eKYC) for companies and institutional customers, digital account opening (eAccount Opening) and digital export finance (eSpeedtrack), as well as further services such as eFinance, eGateway, and eArchive. The figures for 2020 demonstrate that the digital offering has been a success with our customers – 39 per cent of new accounts at RBI in Austria were initiated digitally and 42 per cent were verified using the fully digitalized KYC process in 2020.

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

Balanced and comprehensive financial reporting is a priority for RBI and its governing bodies. Compliance with all relevant statutory requirements is therefore a basic prerequisite. The Management Board is responsible for establishing and defining a suitable internal control and risk management system that encompasses the entire accounting process while adhering to company requirements. This is embedded in the company-wide framework for the internal control system (ICS).

The aim of the ICS is to provide the Management Board with the necessary means to ensure effective and continuously improving internal controls for accounting. The control system is designed to comply with all relevant guidelines and regulations and to optimize conditions for specific control measures in order to prevent any unintentional misstatements.

The consolidated financial statements are prepared in accordance with the relevant Austrian laws, predominantly the Austrian Banking Act (BWG) and Austrian Commercial Code (UGB), which govern the preparation of consolidated annual financial statements. The accounting standards, used to prepare the consolidated financial statements, are the International Financial Reporting Standards (IFRS) as adopted by the EU.

Control environment

An internal control system pertaining to financial reporting has been in place for many years in the Group, which includes directives and instructions on key strategic issues. It incorporates:

- The hierarchical decision-making process for approving Group and company directives, as well as departmental and divisional instructions,
- process descriptions for the preparation, quality control, approval, publication, implementation and monitoring of directives, and instructions including related controls, as well as
- regulations for the revision and repeal of directives and instructions.

The senior management of each Group unit is responsible for implementing the Group-wide instructions. Compliance with Group rules is monitored by Group Accounting & Reporting and in the course of the audits performed by internal Group and local auditors.

The consolidated financial statements are prepared by Group Accounting & Reporting, which belongs to the CFO area under the CEO. The associated responsibilities are defined for the Group within the framework of a dedicated Group function.

Risk assessment

Significant risks relating to the Group accounting process are evaluated and monitored by the Management Board. Complex accounting standards can increase the risk of errors, as can the use of differing valuation standards, particularly in relation to the Group's principal financial instruments. A difficult business environment can also increase the risk of significant financial reporting errors. For the purpose of preparing the consolidated financial statements, estimates have to be made for asset and liability items for which no market value can be reliably determined. This is particularly relevant for the lending business, equity participations and goodwill. Social capital, provisions for legal risks and the valuation of securities, are also based on estimates.

Control measures

The preparation of financial information on an individual Group unit level is decentralized and carried out by each Group unit in accordance with the RBI guidelines; the calculation of parts of the impairment charges under IFRS 9 is, however, carried out centrally. The Group unit employees and the managers responsible for accounting are required to provide a full presentation and accurate valuation of all transactions. Differences in local accounting standards can result in inconsistencies between local individual financial statements and the financial information submitted to RBI. The local management is responsible for ensuring implementation of mandatory internal control measures, such as the separation of functions and the principle of dual control. The reconciliation and validation controls are embedded in the aggregation, calculation and accounting valuation activities for all financial reporting processes. Particular focus is placed on the controls for the core processes that play a fundamental role in the preparation of the financial statements. This primarily relates to processes which are relevant for valuations, the results of which have a significant impact on the financial statements (such as credit risk provisions, derivatives, equity participations, provisions for personnel expenses and market risk).

As the control measures were carried out on an electronic basis, the COVID-19 pandemic and associated lockdown and partial physical absence (home office) had no impact on the internal control system.

Group consolidation

The financial statement data are predominantly automatically transferred to the IBM Cognos Controller consolidation system by the end of January of the subsequent year. The IT system is kept secure by limiting access rights.

The plausibility of each Group unit's financial statements is initially checked by the responsible key account manager within Group Accounting & Reporting. Group-level control activities comprise the analysis and, where necessary, modification of the financial statements submitted by Group units. In this process, the results of meetings with representatives of the individual companies, in which the financial statements are discussed, and comments from external reviews of the financial statements are taken into account. The discussions cover the plausibility of the individual financial statements as well as critical matters pertaining to the Group unit.

The subsequent consolidation steps are then performed using the consolidation system, including capital consolidation, expense and income consolidation, and debt consolidation. Finally, intra-Group gains are eliminated where applicable. At the end of the consolidation process, the notes to the financial statements are prepared in accordance with IFRS and the BWG/UGB.

All control measures constitute part of the day-to-day business processes and are used to prevent, detect and correct any potential errors or inconsistencies in the financial reporting. Control measures range from managerial reviews of the results for the period, as well as the specific reconciliation of accounts, through to analyzing ongoing accounting processes.

The consolidated financial statements and management report are reviewed by the Audit Committee of the Supervisory Board and are also presented to the full Supervisory Board for information. The consolidated financial statements are published as part of the Annual Report on the company's website and in the Wiener Zeitung's official journal and are then filed in the commercial register.

Information and communication

The consolidated financial statements are prepared using Group-wide standardized data requirements. The accounting and valuation standards are defined and explained in the RBI Group Accounts Manual and must be applied when preparing the financial statements. Detailed instructions for the Group units on measuring credit risk and similar issues are provided in the Group directives. The relevant units are kept abreast of any changes to the instructions and standards through regular training courses.

Each year the Annual Report contains the consolidated results in the form of a complete set of consolidated financial statements. In addition, the Group management report contains comments on the consolidated results in accordance with the statutory requirements.

Throughout the year, consolidated monthly reports are produced for the Group's senior management. The statutory interim reports conform to the provisions of IAS 34 and are published quarterly in accordance with the Austrian Stock Exchange Act. Before publication, the consolidated financial statements are presented to senior managers and responsible Management Board members for final approval and then submitted to the Supervisory Board's Audit Committee. Analyses pertaining to the consolidated financial statements are also provided for management, as are forecast Group figures at regular intervals. The financial and capital planning process, undertaken by Group Planning & Finance, includes a three-year Group budget.

Monitoring

Financial reporting is a primary focus of the ICS framework, whereby financial reporting processes are subject to risk-based prioritization and control examinations with results regularly reported to the Management Board and the Supervisory Board for evaluation. Additionally, the Audit Committee is required to monitor the financial reporting process. The Management Board is responsible for ongoing company-wide monitoring. The internal control system is based on three lines of defense.

The first line of defense consists of individual departments, whereby department heads are responsible for monitoring their business areas and ensuring that an appropriate control environment is established. The departments conduct control activities and plausibility checks on a regular basis, in accordance with the documented processes.

The second line of defense is made up of specialist areas focused on specific topics. These include, for example, Compliance, Data Quality Governance, Operational Risk Controlling, and Security & Business Continuity Management. Their primary aim is to support specialist areas with their control processes, to validate the actual controls, and to introduce leading practices within the organization.

Internal audits are the third line of defense in the monitoring process. Responsibility for auditing lies with Group Internal Audit and the respective internal audit departments of the Group units. All internal auditing activities are subject to the Group Audit Standards, which are based on the Austrian Financial Market Authority's minimum internal auditing requirements and international best practices. Group Internal Audit's internal rules also apply (notably the Audit Charter). Group Audit regularly and independently verifies compliance with the internal rules within the RBI Group units. The head of Group Internal Audit reports directly to the Management Board, with additional reporting obligations to the Chairman of the Supervisory Board and members of the Audit Committee of the Supervisory Board.

Capital, share, voting, and control rights

The following disclosures satisfy the provisions of § 243a (1) of the Austrian Commercial Code (UGB):

(1) As at 31 December 2020, the company's share capital amounted to € 1,003,265,844.05 and was divided into 328,939,621 voting common bearer shares. As at 31 December 2020, 322,204 (31 December 2019: 322,204) of those were own shares, and consequently 328,617,417 shares were outstanding at the reporting date. Please see note (31) equity for further disclosures.

(2) The Articles of Association contain no restrictions concerning voting rights or the transfer of shares. The regional Raiffeisen banks and direct and indirect subsidiaries of the regional Raiffeisen banks are parties to a syndicate contract (syndicate agreement) regarding RBI AG. The terms of this syndicate agreement include not only a block voting agreement and preemption rights, but also a prohibition on sales of the RBI shares held by the regional Raiffeisen banks (with few exceptions) since the expiration of a period of three years (lock-up period) from the effective date of the merger between RZB AG and RBI AG, i.e. from 18 March 2020, if the sale would reduce the regional Raiffeisen banks' aggregate shareholding in RBI AG (direct and/or indirect) to less than 40 per cent (previously 50 per cent) of the share capital plus one share.

(3) RLB NÖ-Wien Sektorbeteiligungs GmbH holds around 22.24 per cent of the share capital of the company. By virtue of the syndicate agreement regarding RBI AG, the directly or indirectly held voting rights attached to a total of 193,449,778 shares, corresponding to a voting interest of around 58.81 per cent, are mutually attributable to the regional Raiffeisen banks and their direct and indirect subsidiaries pursuant to §§ 130 and 133 7 of the Austrian Stock Exchange Act (BörseG) as parties acting in concert as defined in § 1 6 of the Austrian Takeover Act (ÜbG). The remaining shares of RBI AG are held in free float, with no other direct or indirect shareholdings amounting to 10 per cent or more known to the Management Board.

(4) The Articles of Association do not contain any special rights of control associated with holding shares. According to the syndicate agreement for RBI AG, the regional Raiffeisen banks can nominate nine members of the RBI AG Supervisory Board. In addition to the members nominated by the regional Raiffeisen banks, the RBI AG Supervisory Board should also include three independent representatives of free-float shareholders who are not attributable to the Austrian Raiffeisen Banking Group.

(5) There is no control of voting rights arising from interests held by employees in the share capital.

(6) Pursuant to the Articles of Association, a person who is 68 years or older may not be appointed as a member of the Management Board or be reappointed for another term in office. The rule for the Supervisory Board is that a person who is aged 75 years or older may not be elected as a member of the Supervisory Board or be re-elected for another term in office. Moreover, no person who already holds eight supervisory board mandates in publicly traded companies may be a member of the Supervisory Board. Holding a position as chairman of the supervisory board of a publicly traded company would count twice for this purpose. The Annual General Meeting may choose to waive this restriction through a simple majority of votes if permitted by law. Any candidate who has more mandates for, or chairman positions on, supervisory boards in publicly traded companies must disclose this to the Annual General Meeting. There are no further regulations regarding the appointment or dismissal of members of the Management Board and the Supervisory Board beyond the provisions of the relevant laws. The Articles of Association stipulate that the resolutions of the Annual General Meeting are, provided that there are no mandatory statutory provisions to the contrary, adopted by a simple majority of the votes cast. Where the law requires a capital majority in addition to the voting majority, resolutions are adopted by a simple majority of the share capital represented in the votes. As a result of this provision, members of the Supervisory Board may be dismissed prematurely by a simple majority. The Supervisory Board is authorized to adopt amendments to the Articles of Association that only affect the respective wording. This right may be delegated to committees. Furthermore, there are no regulations regarding amendments to the company Articles of Association beyond the provisions of the relevant laws.

(7) Pursuant to § 169 of the Austrian Stock Corporation Act (AktG), the Management Board has been authorized since the Annual General Meeting of 13 June 2019 to increase the share capital with the approval of the Supervisory Board – in one or more tranches – by up to € 501,632,920.50 through issuing up to 164,469,810 new voting common bearer shares in exchange for contributions in cash and/or in kind (including by way of the right of indirect subscription by a bank pursuant to § 153 (6) of the AktG) by 2 August 2024 at the latest and to fix the offering price and terms of the issue with the approval of the Supervisory Board. The Management Board is further authorized to exclude shareholders' subscription rights with the approval of the Supervisory Board (i) if the capital increase is carried out in exchange for contributions in kind, or (ii) if the capital increase is carried out in exchange for contributions in cash and the shares issued under the exclusion of subscription rights do not exceed 10 per cent of the company's share capital (exclusion of subscription rights). The (i) utilization of authorized capital with exclusion of the statutory

subscription right in the event of a capital increase in return for a contribution in cash, and the (ii) implementation of the conditional capital resolved upon in the Annual General Meeting on 20 October 2020 in order to grant conversion or subscription rights to convertible bond creditors may in total not exceed 10 per cent of the share capital of the company. The utilization of the authorized capital in the form of a capital increase in return for a contribution in kind is not covered by this restriction.

No use has been made to date of the authority granted in June 2019 to utilize the authorized capital.

The share capital is conditionally increased (conditional capital) pursuant to § 159 (2) 1 of the AktG by up to € 100,326,584 by issuing of up to 32,893,962 ordinary bearer shares. The conditional capital increase will only be implemented to the extent that use is made of an irrevocable right of conversion into or subscription to shares which the company grants to the creditors holding convertible bonds issued on the basis of the resolution passed at the Annual General Meeting on 20 October 2020, or in the event of having to fulfil a conversion obligation set out in the convertible bonds' terms of issuance. In both cases, the Management Board does not decide to allocate own shares. The issue price and the conversion ratio are to be calculated in accordance with recognized quantitative financial methodologies and the price of the company's shares in a recognized pricing procedure (calculation basis of the issuance price); the issue price may not be below the proportionate amount of the share capital. The newly issued shares from the conditional capital increase are entitled to a dividend equivalent to that of the shares traded on the stock exchange at the time of issuance. The Management Board is authorized, with the approval of the Supervisory Board, to determine the further details of the implementation of the conditional capital increase.

The Management Board was further authorized pursuant to § 174 (2) of the AktG by the Annual General Meeting on 20 October 2020, within 5 years from the date of the resolution, i.e. until 19 October 2025, with the consent of the Supervisory Board, to issue also in several tranches, convertible bonds with rights to convert into or subscribe to shares of the company or convertible bonds with conversion obligations (contingent convertible bonds pursuant to § 26 of the Banking Act), including convertible bonds that meet the requirements for Additional Tier 1 capital instruments pursuant to Regulation (EU) No. 575/2013 of the European Parliament and the Council of 26 June 2013 on supervisory requirements for credit institutions and investment firms, as amended, with full exclusion of shareholders' subscription rights. The authorization includes the issuance of convertible bonds in a total nominal amount of up to € 1,000,000,000 with rights to convert into or subscribe to up to 32,893,962 ordinary bearer shares of the company with a proportionate amount of the share capital up to € 100,326,584. The issue price and the conversion ratio are to be calculated in accordance with recognized quantitative financial methodologies and the price of the company shares in a recognized pricing procedure (calculation basis of the issuance price); the issue price of the convertible bonds may not be below the proportionate amount of the share capital. In this respect, the Management Board is authorized to determine all further issuance and structural features as well as the issuance terms and conditions of the convertible bonds, in particular the interest rate, issue price, term of validity and denomination, provisions protecting against dilution, conversion period, conversion rights and obligations, conversion ratio and conversion price. The convertible bonds may also be issued – observing the limit of the corresponding equivalent value in euros – in the currency of the United States of America and in the currency of any other Organization for Economic Cooperation and Development (OECD) member state. The convertible bonds may also be issued by a company which Raiffeisen Bank International AG owns 100 per cent of, directly or indirectly. For this event, the Management Board is authorized to provide, with the consent of the Supervisory Board, a guarantee for the convertible bonds on behalf of the company and to grant the holders of the convertible bonds conversion rights into ordinary bearer shares of Raiffeisen Bank International AG and, if a conversion obligation is stipulated in the convertible bonds' issuance terms, to enable the obligation of conversion into ordinary bearer shares of Raiffeisen Bank International AG to be fulfilled; with the exclusion of the rights of shareholders to subscribe to the convertible bonds.

There have been no convertible bonds issued to date.

The Annual General Meeting held on 20 October 2020 authorized the Management Board pursuant to § 65 (1) 8, § 65 (1a) and § 65 (1b) of the AktG to purchase own shares and to retire them if appropriate without requiring any further prior resolutions to be passed by the Annual General Meeting, though with the approval of the purchase by the Supervisory Board can also be effected off-exchange under the exclusion of the shareholders' pro rata tender right. Own shares, whether already purchased or to be purchased, may not collectively exceed 10 per cent of the company's share capital. The authorization to purchase own shares expires 30 months after the date of the Annual General Meeting resolution, i.e. until 19 April 2023. The acquisition price for repurchasing the shares may be no lower than € 3.05 per share and no higher than 10 per cent above the average unweighted closing price over the 10 trading days prior to exercising this authorization. The authorization may be exercised in full or in part or also in several partial amounts, for one or more purposes – with the exception of securities trading – by the company, by a subsidiary (§ 189a 7 of the UGB) or by third parties for the account of the company or a subsidiary.

The Management Board was further authorized, pursuant to § 65 (1b) of the AktG, to decide, with the approval of the Supervisory Board, on the sale of own shares by means other than the stock exchange or a public tender, to the full or partial exclusion of shareholders' subscription rights, and to stipulate the terms of sale. Shareholders' subscription rights may only be excluded if the own shares are used to pay for a contribution in kind, to acquire enterprises, businesses, operations or stakes in one or several companies in Austria or abroad. Furthermore, shareholders' subscription rights may be excluded in the event that convertible bonds are issued in future, in order that (own) shares may be issued to such convertible bond creditors that have exercised their right of conversion into or subscription to shares in the company, and also in the event of a conversion obligation stipulated in the convertible bonds' issuance conditions in order to fulfil this conversion obligation. This authorization may be exercised in whole, in part or in several partial amounts for one or more purposes by the company, a subsidiary (§ 189a 7 UGB) or by third parties for the account of the company or a subsidiary and remains in force for five years from the date of this resolution, i.e. until 19 October 2025. This authorization replaces the authorization granted by the Annual General Meeting of 21 June 2018 pursuant to § 65 (1) 8 of the AktG to acquire and utilize own shares and refers also to the utilization of own shares already acquired by the company. Since that time, there were no own shares purchased on the basis of the lapsed authorization from June 2018 nor on the basis of the current authorization from October 2020.

The Annual General Meeting of 20 October 2020 also authorized the Management Board, under the provisions of § 65 (1) 7 of the AktG, to purchase own shares for the purpose of securities trading, which may also be conducted off-market, during a period of 30 months from the date of the resolution (i.e. until 19 April 2023), provided that the trading portfolio of shares purchased for this purpose does not at the end of any given day exceed 5 per cent of the company's respective share capital. The consideration for each share to be acquired must not be less than half the closing price at the Vienna Stock Exchange on the last day of trading preceding the acquisition and must not exceed twice the closing price at the Vienna Stock Exchange on the last day of trading preceding the acquisition. This authorization may be exercised in full or in part or also in several partial amounts by the company, by a subsidiary (§ 189a 7 UGB) or by third parties acting for the account of the company or a subsidiary.

(8) The following material agreements exist, to which the company is a party and which take effect, change or come to an end upon a change of control in the company as a result of a takeover bid:

- RBI AG is insured under a Group-wide D&O policy. In the event of a merger with another legal entity, the insurance policy would automatically cease at the end of the insurance period in which the merger took effect. In such cases, insurance cover only exists for claims for damages arising from breaches of obligations that occurred before the merger, which are reported to the insurer prior to the termination of RBI's Group-wide D&O insurance cover
- RBI AG is a member of the Professional Association of Raiffeisen Banks. Upon a change in control of RBI AG which results in the attainment of control by shareholders outside of the Raiffeisen Banking Group Austria, membership of the Professional Association of Raiffeisen Banks and of the Raiffeisen Customer Guarantee Scheme Austria may be terminated. RBI AG also serves as the central institution of the Raiffeisen Banking Group at a national level. Upon a change in control of RBI AG, related contracts (central institution of the liquidity group pursuant to § 27a of the BWG; membership of the federal IPS pursuant to Art. 113 (7) of the CRR) may end or change.
- The company's refinancing agreements and agreements concerning third-party financing for subsidiaries, which are guaranteed by the company, stipulate in some cases that the lenders can demand early repayment of the financing in the event of a change in control.

(9) There are no indemnification agreements between the company and its Management Board and Supervisory Board members or employees that would take effect in the event of a public takeover bid.

Risk management

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

Corporate Governance

The Corporate Governance Report can be found on the RBI website (www.rbinternational.com → Investors → Corporate Governance and Remuneration Policy), as well as in the Corporate Governance Report chapter of the Annual Report.

Consolidated non-financial report

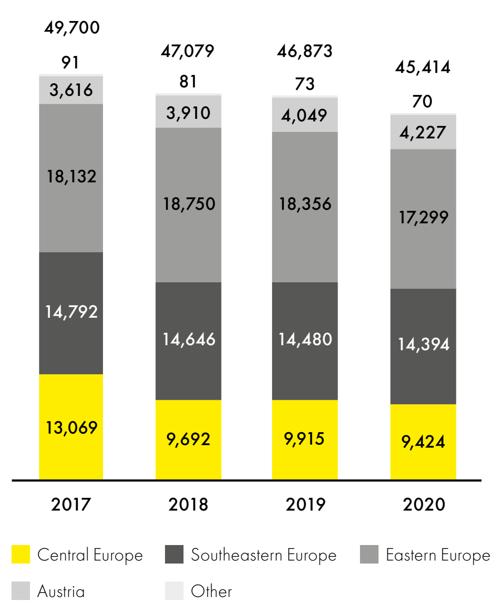
Pursuant to the Sustainability and Diversity Improvement Act (NaDiVeG), the consolidated non-financial statement, which has to be prepared in accordance with § 267a of the Austrian Commercial Code (UGB), is issued as an independent non-financial report (Sustainability Report). The report containing detailed information on sustainability management developments, will be published online – at www.rbinternational.com → Who we are → Sustainability– and also contains the disclosure for the parent company in accordance with § 243b of the UGB.

Human Resources

The former Group Human Resources division merged with the Strategy Development department and was renamed as the People & Organisational Innovation division (P&OI). P&OI plays an essential role in the implementation of RBI's strategy and achievement of its corporate goals. The focus is on two main areas; firstly, the efficient execution of personnel processes such as data administration, payroll accounting, contract preparation and recruitment, and secondly, the division is responsible for personnel development and career management, as well as for professional education and training. The area of Organisational Innovation has been incorporated into the division since May 2020, thereby broadening the scope of activities to include innovation in terms of strategic direction and employee training. A key focal point in 2020 was the implementation of the new corporate Vision & Mission and the company values.

Another core issue was the management of the complicated situation resulting from COVID-19. Close coordination both within and with the crisis team enabled in some cases for over 95 per cent of employees at head office to work remotely from the middle of March. The P&OI division was responsible for preparing RBI for the constantly evolving legal framework, regularly updating the employees, carrying out the corresponding adminisitrative changes, as well as to consider the needs of employees and – when possible and practical – responding to these.

Number of staff by region



Personnel development

As at 31 December 2020, RBI had 45,414 employees (full-time equivalents), which was 1,459 fewer than at the end of 2019. The largest declines occurred in Ukraine, in Slovakia, and in the Czech Republic.

Outlook

Economic outlook

Towards the end of 2020, a resurgence in COVID-19 cases was countered with further restrictions, some of which were very severe. A return to normality and the start of a sustained European economic recovery depends to a large extent on medical developments. Comprehensive vaccination for defined risk groups will not be available before spring of 2021. The expected subsequent easing of restrictions on businesses to a greater degree will allow economic activity to increase, which should be reflected in higher GDP growth rates. Support is expected to stem from pent-up consumer demand from 2020 and from monetary and fiscal policy stimulus (not least from EU budgetary measures/NextGeneration EU).

Central Europe

The Central Europe (CE) region is expected to show significant economic growth averaging 3.7 per cent in 2021 following the deep recession of the previous year. Comprehensive vaccination programs are expected to be underway somewhat later than in Western Europe. After a slow start to the year, economic growth momentum is expected to accelerate in the second half. Monetary policy is likely to remain expansionary, while government support measures are not expected to be abruptly curtailed. With GDP growth of 5.0 per cent, Slovakia and Hungary are expected to see the strongest economic recovery in the region, while real growth should be 3.7 per cent in Poland and 2.5 per cent in the Czech Republic.

Southeastern Europe

Real GDP growth in the Southeastern Europe (SEE) region is forecast to reach 4.6 per cent in 2021. At the individual country level, the expected increase of 5.1 per cent in Croatia stands out, although this should be viewed against the backdrop of the previous year's steep economic decline (down 8.4 per cent). Romania, the largest economy in the region, is expected to see the highest economic growth rate at 5.2 per cent. Key factors in the SEE region include vaccinations over the course of the year, as in other regions, and the relatively large sums the region will receive from the NextGeneration EU fiscal plan starting in the second half of the year. The involuntary reductions in consumption are likely to result in a certain degree of pent-up demand and a recovery in consumer spending.

Eastern Europe

The Russian economy is expected to grow around 2.3 per cent in 2021, a low rate by regional standards. However, the growth forecast should be viewed in the context of the comparatively mild recession experienced in the previous year. Russia's key interest rates are expected to remain low at 4.25 per cent while the inflation rate is expected to decline again over the course of 2021 from an elevated level at the beginning of the year. Sanction risks could rise slightly, but a strong further wave of sanctions is not expected. Real GDP in Ukraine is expected to grow just under 4 per cent. Relations with the International Monetary Fund are difficult due to Ukraine's slower pace of reform. However, the country's adequate currency reserves are expected to have a stabilizing effect on its currency. The Belarusian economy is expected to grow 1.5 per cent in 2021 after a comparatively mild recession in the previous year.

Austria

The extensive lockdown, which was partially eased only at the beginning of February, is expected to weigh on the Austrian economy in the first quarter as well, resulting in a decline in GDP compared to the prior quarter. As the year unfolds, however, an economic rebound can be expected as restrictions ease, and quarter-on-quarter GDP growth rates are likely to be markedly positive. It is expected that private consumption will prove to be the main driver of the economy. In contrast, capital expenditure is likely to grow at below-average rates for an economic upturn, as the increase in debt levels in the previous year is expected to result in companies having less scope for capital expenditures. Additionally, the recession was preceded by an exceptionally strong investment cycle lasting several years. The related capacity expansion should subdue the need for capital expenditures as demand rises. Due to the unfavorable conditions at the outset of the year (weak six months during the 2020/21 winter season), a partial recovery from the preceding GDP contraction is expected for 2021 as a whole, with real GDP growth of 3.5 per cent. However, the GDP level of the fourth quarter of 2019, prior to COVID-19, is only likely to be reached again during the course of 2022.

Banking sector in Austria

The improved economic outlook for 2021 is expected to underpin stable business development in the Austrian banking sector. Despite banks' somewhat tighter lending standards, which tend to make it more difficult to grant credit, the development of new business is likely to be stable. Access to the ECB's targeted longer-term refinancing operations, which will continue to provide the banking sector with favorable terms, is expected to have a supportive effect as well. In contrast, asset quality is expected to deteriorate over the course of 2021, with expiring moratoriums leading to an increase in the non-performing loan ratio. The proportion of provisions in banks' earnings for the period will also remain elevated, which will impact the profitability of the Austrian banking sector. Nonetheless, the domestic banking sector appears to be well-prepared for the current year.

CEE banking sector

Loan and balance sheet growth at CEE banks are expected to be moderate over the coming 12 to 24 months. The medium-term outlook is supported by the vaccine rollout, the favorable refinancing conditions and the regulatory framework. However, the potentially ongoing challenging situation in the labor markets, an expected deterioration in the credit quality of loan applicants and the possible withdrawal of regulatory and fiscal measures initiated in 2020 could have a negative impact. Besides expectations for moderate loan growth, the low interest rate environment and sustained risk costs (e.g. a delayed rise in unemployment, expiry of moratoriums) are also negatively affecting bank profitability, even if some CEE markets show greater resilience. In this respect, the risk remains that a portion of the loans subject to repayment deferrals will become non-performing in the coming months, including in the more vulnerable SME and retail portfolios. Overall, retail loan growth (in local currency) in the CEE banking sector in 2021, should be near the median of CEE countries in 2020 (up 7 per cent p.a.), and growth in corporate lending should be between 6 and 8 per cent (median in CEE region for 2020: up 5 per cent p.a.). Furthermore, it is expected that growth in the retail sector will outpace that of corporate. Against this backdrop, the RoE ratios in CEE should fall between 5 and 9 per cent (median 2020 forecast: 9 per cent).

Outlook for RBI

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.

Events after the reporting date

RBI signs agreement on the acquisition of Czech Equa bank

On 6 February 2021, Raiffeisen Bank International AG (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 around 30 basis points (based on a pro-forma CET1 consolidation at year-end 2020). 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 this year. 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 subsidiary bank in the Czech Republic, Raiffeisenbank a.s., 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.

Segment and country analysis

Segment overview

Segmentation principles

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

This results in the following segments:

- Central Europe: Czech Republic, Hungary, Poland, Slovakia, and Slovenia
- Southeastern Europe: Albania, Bosnia and Herzegovina, Bulgaria, Croatia, Kosovo, Romania, and Serbia
- Eastern Europe: Belarus, Russia and Ukraine
- Group Corporates & Markets (business booked in Austria): operating business at head office divided into subsegments: Austrian and international corporate customers, Markets, Financial Institutions & Sovereigns, business with the Raiffeisen Banking Group (RBG), as well as specialized financial institution subsidiaries, e.g. Raiffeisen Centrobank AG, Kathrein Privatbank Aktiengesellschaft, Raiffeisen Leasing Group, Raiffeisen Factor Bank AG, Raiffeisen Bausparkasse Österreich Gesellschaft mbH, Valida Group (pension fund business) and Raiffeisen Kapitalanlage-Gesellschaft mit beschränkter Haftung. Furthermore, companies valued at equity with banking activities are allocated to this segment.
- Corporate Center: central control functions at head office (e.g. Treasury) and other group units (equity investments and joint service providers), minority interests as well as non-banking companies valued at equity.

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

- Joint service providers have been allocated to the Corporate Center segment from the first quarter 2020. These were previously allocated to the regional segments.
- Furthermore, the following companies valued at equity have been allocated to the Group Corporates & Markets segment: NOTARTREUHANDBANK AG, Oesterreichische Kontrollbank AG, EMCOM Beteiligungs GmbH, Posojilnica Bank eGen. These were previously allocated to the Corporate Center segment.

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

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

Segment and country performance

Central Europe

in € million	2020	2019	Change	Q4/2020	Q3/2020	Change
Net interest income	787	830	(5.2)%	189	185	2.1%
Dividend income	5	5	(5.2)%	2	0	>500.0%
Current income from investments in associates	3	5	(41.0)%	1	1	(23.4)%
Net fee and commission income	410	441	(7.0)%	107	101	6.2%
Net trading income and fair value result	19	26	(28.4)%	13	(1)	–
Net gains/losses from hedge accounting	0	0	>500.0%	(1)	1	–
Other net operating income	0	(19)	–	(8)	(5)	67.3%
Operating income	**1,224**	**1,287**	**(4.9)%**	**302**	**281**	**7.5%**
General administrative expenses	(674)	(730)	(7.8)%	(181)	(163)	10.6%
Operating result	**550**	**557**	**(1.2)%**	**122**	**118**	**3.3%**
Other result	(61)	(57)	7.6%	(22)	(14)	55.9%
Levies and special governmental measures	(63)	(60)	6.0%	(1)	(1)	(2.7)%
Impairment losses on financial assets	(177)	(38)	362.9%	(57)	(29)	95.1%
Profit/loss before tax	**249**	**402**	**(38.2)%**	**42**	**73**	**(43.1)%**
Income taxes	(68)	(112)	(38.7)%	(20)	(20)	(1.7)%
Profit/loss after tax	**180**	**290**	**(37.9)%**	**22**	**53**	**(58.5)%**
Return on equity before tax	7.4%	12.7%	(5.2) PP	5.0%	8.7%	(3.7) PP
Return on equity after tax	5.4%	9.2%	(3.8) PP	2.7%	6.3%	(3.7) PP
Net interest margin (average interest-bearing assets)	1.87%	2.09%	(0.22) PP	1.74%	1.74%	0.00 PP
Cost/income ratio	55.0%	56.7%	(1.7) PP	59.8%	58.1%	1.7 PP
Loan/deposit ratio	88.8%	98.0%	(9.2) PP	88.8%	93.9%	(5.1) PP
Provisioning ratio (average loans to customers)	0.60%	0.13%	0.46 PP	0.76%	0.39%	0.37 PP
NPE ratio	1.9%	2.4%	(0.4) PP	1.9%	1.9%	0.0 PP
NPE coverage ratio	63.1%	58.6%	4.5 PP	63.1%	65.0%	(1.9) PP
Assets	45,280	42,094	7.6%	45,280	43,986	2.9%
Total risk-weighted assets (RWA)	20,434	22,114	(7.6)%	20,434	20,710	(1.3)%
Equity	3,237	3,147	2.9%	3,237	3,330	(2.8)%
Loans to customers	29,857	29,603	0.9%	29,857	29,571	1.0%
Deposits from customers	34,393	31,967	7.6%	34,393	32,995	4.2%
Business outlets	368	391	(5.9)%	368	376	(2.1)%
Employees as at reporting date (full-time equivalents)	9,244	9,915	(6.8)%	9,244	9,325	(0.9)%
Customers in million	2.9	2.7	4.1%	2.9	2.7	4.1%

Segment performance

Profit after tax in the Central Europe segment was down € 110 million year-on-year to € 180 million, mainly due to higher impairment losses resulting from COVID-19. The decrease in profit after tax amounted to € 101 million in the Czech Republic, € 33 million in Slovakia and € 22 million in Hungary. In Poland, the after-tax loss reduced by € 46 million.

Operating income

Net interest income declined 5 per cent year-on-year, or € 43 million, to € 787 million. This mainly reflected a decrease of € 65 million in net interest income in the Czech Republic because of changes in key interest rates that led to lower interest income from repo transactions and customer loans. In Slovakia, net interest income declined € 3 million, also due to a margin-related decrease in interest income from customer loans. In Hungary, lower interest expenses led to a € 22 million increase in net interest income. The segment's net interest margin declined 22 basis points to 1.87 per cent, primarily driven by a reduction of 49 basis points in the margin in the Czech Republic.

Net fee and commission income fell 7 per cent year-on-year, or € 31 million, to € 410 million. Net fee and commission income in Slovakia declined primarily due to a change in the segment allocation of a Group unit, while in Hungary – mainly as a result of pandemic-related volume decreases in clearing, settlement and payment services – there was a decline of € 10 million to € 139 million. In the Czech Republic, income decreased € 10 million to € 121 million, principally due to a change in the regulations relating to clearing, settlement and payment services.

The net trading income and fair value result declined € 7 million year-on-year, which was attributable to € 27 million in one-off income in the previous year from the sale of equity instruments in Slovakia. In Hungary, in contrast, the net trading income and fair value result increased, mainly as a result of higher income from the valuation of interest-based derivatives.

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

General administrative expenses

General administrative expenses decreased 8 per cent year-on-year, or € 57 million, to € 674 million, primarily as a result of a change in the segment allocation of a Group unit (down € 19 million) and lower staff and advertising expenses in Slovakia due to the COVID-19 pandemic. In Hungary, staff expenses declined € 8 million due to COVID-19 short-time work schemes, while other administrative expenses fell € 5 million, primarily because of a reduction in office space expenses, advertising expenses and deposit insurance fees. In the Czech Republic, staff expenses decreased € 11 million due to a decline in the average number of staff, while other administrative expenses reduced € 8 million as a result of declines in advertising and IT expenses.

The average number of employees in the segment fell 417 to 9,436 due to a change in the segment allocation of a Group unit (down 165) and developments in the Czech Republic (down 149) and Slovakia (down 148). The cost/income ratio decreased 1.7 percentage points year-on-year to 55 per cent.

Other result

The other result amounted to minus € 61 million, compared to minus € 57 million in the same period of the previous year. The change was mainly driven by net modification losses of € 17 million related primarily to payment moratoriums in Hungary, the Czech Republic and Slovakia. This was in contrast to a € 7 million decrease in impairment losses on non-financial assets. Impairment losses of € 4 million were booked for a building in Slovakia in the reporting period, whereas the impairment losses of € 11 million in the previous year mainly related to software in the Czech Republic. The allocation of € 44 million (previous year: € 49 million) to credit-linked and portfolio-based provisions for litigation in Poland in the reporting period related to mortgage loans, denominated in or indexed to a foreign currency, and was the result of changes in the parameters for the model calculation.

Levies and special governmental measures

The expense for levies and special governmental measures rose € 4 million year-on-year to € 63 million. At the end of June, the bank levy in Slovakia was abolished for the second half of 2020, after being doubled at the start of the year. The bank levy in Slovakia in the first half of 2020 amounted to € 26 million. In Hungary, the € 13 million expense for the bank levy was booked in the first quarter for the entire year, as in the previous year. Contributions to the resolution fund rose € 3 million to € 20 million.

Impairment losses on financial assets

Impairment losses amounted to € 177 million in the reporting period, compared to € 38 million in the comparable period of the previous year. In stage 1 and stage 2, net impairments of € 101 million (up € 129 million) were recognized in the reporting period. The increase was mainly due to the worsening macroeconomic outlook resulting from the COVID-19 pandemic and the related impact on the industries and individuals working in those industries within RBI's customer base. This included impairments of € 40 million for loans to households, mainly in the Czech Republic (€ 13 million), Poland (€ 12 million) and Hungary (€ 12 million). Impairments for loans to non-financial corporations amounted to € 60 million, particularly in Hungary (€ 24 million), Slovakia (€ 19 million) and the Czech Republic (€ 16 million). In stage 3 (defaulted loans), net impairments of € 66 million were allocated (previous year: € 60 million), of which € 48 million related to non-financial corporations, particularly in the Czech Republic (€ 31 million) and Slovakia (€ 26 million), and € 19 million to households.

The NPE ratio was 1.9 per cent (down 0.4 percentage points year-on-year). The NPE coverage ratio improved 4.5 percentage points to 63.1 per cent.

Detailed results of individual countries in the segment:

	Poland		Slovakia	
in € million	**2020**	**2019**	**2020**	**2019**
Net interest income	16	14	292	294
Dividend income	0	0	0	0
Current income from investments in associates	0	0	3	5
Net fee and commission income	3	2	148	160
Net trading income and fair value result	1	1	15	32
Net gains/losses from hedge accounting	0	0	0	0
Other net operating income	(2)	(2)	20	1
Operating income	**18**	**15**	**478**	**492**
General administrative expenses	(21)	(22)	(230)	(265)
Operating result	**(3)**	**(6)**	**248**	**227**
Other result	(44)	(49)	(8)	0
Levies and special governmental measures	(5)	(6)	(30)	(28)
Impairment losses on financial assets	(14)	(27)	(66)	(20)
Profit/loss before tax	**(66)**	**(88)**	**144**	**179**
Income taxes	(1)	(25)	(34)	(36)
Profit/loss after tax	**(67)**	**(113)**	**110**	**142**
Return on equity before tax	–	–	10.9%	14.7%
Return on equity after tax	–	–	8.3%	11.7%
Net interest margin (average interest-bearing assets)	0.54%	0.45%	2.04%	2.22%
Cost/income ratio	–	–	48.1%	53.9%
Loan/deposit ratio	–	–	94.8%	98.3%
Provisioning ratio (average loans to customers)	0.49%	0.88%	0.59%	0.19%
NPE ratio	6.6%	10.0%	1.5%	1.6%
NPE coverage ratio	82.9%	58.3%	67.7%	69.0%
Assets	2,774	2,974	15,719	14,613
Total risk-weighted assets (RWA)	3,380	3,681	5,840	6,409
Equity	–	–	1,425	1,334
Loans to customers	2,717	2,938	11,328	10,957
Deposits from customers	13	17	12,322	11,961
Business outlets	1	1	167	182
Employees as at reporting date (full-time equivalents)	238	227	3,580	4,029
Customers in million	0.0	0.0	1.1	1.0

in € million	Czech Republic 2020	2019	Hungary 2020	2019
Net interest income	330	395	149	127
Dividend income	3	3	2	2
Net fee and commission income	121	130	139	149
Net trading income and fair value result	(6)	(7)	8	0
Net gains/losses from hedge accounting	0	0	0	0
Other net operating income	20	25	(43)	(50)
Operating income	**467**	**545**	**255**	**227**
General administrative expenses	(269)	(283)	(152)	(159)
Operating result	**199**	**262**	**103**	**69**
Other result	(1)	(8)	(9)	0
Levies and special governmental measures	(10)	(9)	(17)	(17)
Impairment losses on financial assets	(75)	(16)	(23)	24
Profit/loss before tax	**112**	**230**	**53**	**76**
Income taxes	(21)	(38)	(12)	(12)
Profit/loss after tax	**91**	**192**	**41**	**63**
Return on equity before tax	7.9%	17.6%	8.1%	11.3%
Return on equity after tax	6.4%	14.7%	6.3%	9.5%
Net interest margin (average interest-bearing assets)	1.89%	2.37%	1.90%	1.73%
Cost/income ratio	57.5%	52.0%	59.7%	69.8%
Loan/deposit ratio	75.3%	86.2%	64.5%	70.5%
Provisioning ratio (average loans to customers)	0.64%	0.14%	0.59%	(0.64)%
NPE ratio	1.5%	1.4%	1.7%	2.5%
NPE coverage ratio	51.8%	61.0%	54.0%	46.9%
Assets	18,363	17,433	8,808	7,862
Total risk-weighted assets (RWA)	7,536	8,210	3,644	3,747
Equity	1,379	1,503	674	717
Loans to customers	11,716	11,872	4,085	3,822
Deposits from customers	15,449	14,106	6,609	5,882
Business outlets	127	136	72	71
Employees as at reporting date (full-time equivalents)	3,138	3,413	2,279	2,237
Customers in million	1.3	1.2	0.5	0.5

Southeastern Europe

in € million	2020	2019	Change	Q4/2020	Q3/2020	Change
Net interest income	849	867	(2.0)%	210	209	0.6%
Dividend income	3	8	(64.8)%	0	0	–
Net fee and commission income	377	417	(9.6)%	97	101	(3.5)%
Net trading income and fair value result	39	39	(0.2)%	10	11	(5.9)%
Net gains/losses from hedge accounting	0	0	(79.8)%	0	0	(87.9)%
Other net operating income	(4)	5	–	(6)	(2)	205.2%
Operating income	**1,264**	**1,336**	**(5.4)%**	**311**	**318**	**(2.2)%**
General administrative expenses	(714)	(721)	(0.9)%	(197)	(167)	17.8%
Operating result	**550**	**616**	**(10.7)%**	**115**	**151**	**(24.3)%**
Other result	(26)	(40)	(35.4)%	(9)	11	–
Levies and special governmental measures	(19)	(25)	(23.6)%	0	(1)	–
Impairment losses on financial assets	(178)	(70)	155.5%	(45)	(34)	34.7%
Profit/loss before tax	**326**	**481**	**(32.1)%**	**61**	**127**	**(52.3)%**
Income taxes	(53)	(71)	(24.8)%	(12)	(18)	(31.7)%
Profit/loss after tax	**273**	**410**	**(33.3)%**	**49**	**110**	**(55.6)%**
Return on equity before tax	9.9%	15.9%	(6.1) PP	7.3%	15.4%	(8.1) PP
Return on equity after tax	8.3%	13.6%	(5.3) PP	5.9%	13.3%	(7.4) PP
Net interest margin (average interest-bearing assets)	3.26%	3.63%	(0.37) PP	3.11%	3.18%	(0.07) PP
Cost/income ratio	56.5%	53.9%	2.6 PP	63.2%	52.5%	10.8 PP
Loan/deposit ratio	67.5%	74.6%	(7.1) PP	67.5%	68.3%	(0.9) PP
Provisioning ratio (average loans to customers)	1.11%	0.46%	0.64 PP	1.11%	0.84%	0.27 PP
NPE ratio	2.8%	3.0%	(0.2) PP	2.8%	2.7%	0.0 PP
NPE coverage ratio	70.8%	69.9%	0.8 PP	70.8%	71.0%	(0.2) PP
Assets	29,897	26,986	10.8%	29,897	29,187	2.4%
Total risk-weighted assets (RWA)	16,629	15,903	4.6%	16,629	16,679	(0.3)%
Equity	3,310	2,933	12.9%	3,310	3,297	0.4%
Loans to customers	16,294	15,915	2.4%	16,294	16,140	1.0%
Deposits from customers	24,292	21,529	12.8%	24,292	23,513	3.3%
Business outlets	864	894	(3.4)%	864	880	(1.8)%
Employees as at reporting date (full-time equivalents)	14,344	14,480	(0.9)%	14,344	14,444	(0.7)%
Customers in million	5.4	5.4	0.1%	5.4	5.4	0.4%

Segment performance

The Southeastern Europe segment's profit after tax declined 33 per cent, or € 137 million, year-on-year to € 273 million. This was principally due to an increase of € 108 million in risk costs, caused mainly by the macroeconomic deterioration triggered by COVID-19, by structural effects on specific industries and by higher loan defaults, mostly among households.

Operating income

Net interest income fell 2 per cent, or € 18 million, year-on-year to € 849 million. The strongest decline of € 7 million was seen in Croatia, due to lower interest rates, especially for corporate customers. Albania reported a decrease of € 4 million as a result of lower volumes and interest rates. In Bosnia and Herzegovina, net interest income was also down € 4 million, reflecting lower interest income from customer loans. In Serbia, lower market interest rates were responsible for a € 3 million decline in net interest income. The segment's net interest margin fell 37 basis points to 3.26 per cent. All the countries in Southeastern Europe contributed to the decrease. Serbia reported the largest reduction (down 75 basis points), which was attributable to changes in key interest rates.

Dividend income was down € 5 million to € 3 million due to lower distributions in Bulgaria and Romania.

Net fee and commission income declined 10 per cent, or € 40 million, year-on-year to € 377 million. Mainly as a result of the COVID-19 pandemic, reductions in fee and commission income of € 14 million and € 12 million were reported in Croatia and Romania, respectively, in clearing, settlement and payment services, and foreign exchange business. In Bulgaria, net fee and commission income was down € 5 million, which mainly reflected a change in the regulations for clearing, settlement and payment services. Albania also reported a fall of € 4 million due to lower volumes, mostly in clearing, settlement and payment services, and in loan and guarantee business.

Net trading income and the fair value result remained almost unchanged year-on-year at € 39 million. Decreases from loans, derivatives, other financial liabilities and the valuation of debt securities were offset by higher income from currency translation.

Other net operating income decreased € 10 million to minus € 4 million, primarily as a result of the changed segment allocation of several Group units (€ 17 million).

General administrative expenses

General administrative expenses declined 1 per cent, or € 6 million, year-on-year to € 714 million. Staff expenses increased moderately by 2 per cent, or € 7 million, to € 330 million, driven mainly by restructuring provisions relating to branch closures in Romania. Other administrative expenses were down € 18 million to € 267 million, in part as a result of lower deposit insurance fees in Romania (€ 6 million) and Serbia (€ 3 million). Further pandemic-related decreases in other administrative expenses were reported in advertising and consulting expenses. The fall in the average number of employees of 112 to 14,435 was driven mainly by developments in Bosnia and Herzegovina (down 65) and Croatia (down 48). The number of business outlets in the segment was down 30 year-on-year to 864, largely because of 18 branch closures in Romania. The cost/income ratio increased from 53.9 to 56.5 per cent.

Other result

The other result improved € 14 million to minus € 26 million. The main drivers were a decrease of € 18 million in net allocations to credit-linked and portfolio-based provisions for litigation in Romania and Croatia. In Romania, the allocations to provisions in connection with proceedings with the consumer protection authority were down € 11 million to € 3 million. In Croatia (proceedings relating to loan agreement clauses), they were € 6 million lower than the previous year's level of € 20 million. In the reporting period, impairment losses on non-financial assets declined € 4 million, primarily in Romania. In contrast, net modification losses due to COVID-19 measures were up € 7 million, mostly in Romania and Serbia.

Levies and special governmental measures

Expenses for levies and special governmental measures fell € 6 million year-on-year to € 19 million. One reason for the decline was the new banking levy introduced in Romania in the previous year (€ 10 million), which was abolished in 2020. In addition, in the previous year a loss from banking business due to governmental measures of € 3 million was reported due to the conversion of Swiss franc loans in Serbia. The contributions to the resolution fund increased € 7 million, above all in Bulgaria and Romania.

Impairment losses on financial assets

Impairment losses on financial assets amounted to € 178 million in the reporting period compared to € 70 million in the same period of the previous year. Net impairments of € 100 million (increase of € 84 million) were recognized in stage 1 and stage 2 in the reporting period. Forward-looking information and estimates relating to the impact of the COVID-19 pandemic on industries and individuals working in those industries in RBI's customer portfolio were taken into account. The impairments totaled € 54 million for loans to households, mainly in Romania (€ 35 million), and € 45 million for loans to non-financial corporations, especially in Bulgaria (€ 14 million), and Romania (€ 9 million). In stage 3 (defaulted loans), net impairments of € 64 million were recognized (increase of € 12 million). Of that amount, € 56 million related to loans to households, predominantly in Romania (€ 23 million), Bulgaria (€ 12 million) and Croatia (€ 9 million).

The NPE ratio was down 0.2 percentage points year-on-year to 2.8 per cent. The NPE coverage ratio rose 0.8 percentage points to 70.8 per cent.

Detailed results of individual countries in the segment:

	Albania		Bosnia and Herzegovina		Bulgaria	
in € million	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**
Net interest income	53	57	63	68	114	114
Dividend income	0	0	1	2	2	3
Net fee and commission income	12	16	40	42	50	55
Net trading income and fair value result	5	3	2	2	3	3
Other net operating income	(1)	1	2	1	0	2
Operating income	**69**	**77**	**108**	**114**	**169**	**176**
General administrative expenses	(43)	(44)	(59)	(59)	(94)	(96)
Operating result	**26**	**33**	**49**	**55**	**74**	**80**
Other result	(1)	(1)	0	0	(1)	0
Levies and special governmental measures	(1)	(1)	0	0	(9)	(5)
Impairment losses on financial assets	(10)	(4)	(25)	(14)	(31)	(2)
Profit/loss before tax	**15**	**27**	**24**	**41**	**33**	**73**
Income taxes	(2)	(4)	(2)	(10)	(3)	(7)
Profit/loss after tax	**12**	**23**	**21**	**31**	**30**	**66**
Return on equity before tax	6.5%	12.5%	8.0%	14.6%	7.1%	16.9%
Return on equity after tax	5.4%	10.6%	7.2%	11.2%	6.4%	15.3%
Net interest margin (average interest-bearing assets)	3.05%	3.32%	3.00%	3.23%	2.48%	2.77%
Cost/income ratio	62.6%	57.6%	54.8%	52.0%	55.9%	54.6%
Loan/deposit ratio	44.5%	52.2%	67.5%	75.3%	78.0%	81.7%
Provisioning ratio (average loans to customers)	1.28%	0.51%	1.89%	1.06%	1.03%	0.07%
NPE ratio	5.3%	5.6%	4.6%	4.0%	1.9%	1.7%
NPE coverage ratio	74.3%	71.4%	64.3%	77.9%	64.8%	66.8%
Assets	1,920	1,838	2,559	2,469	4,993	4,626
Total risk-weighted assets (RWA)	1,450	1,345	2,083	2,014	2,666	2,550
Equity	240	231	316	292	494	467
Loans to customers	714	779	1,286	1,329	3,193	3,015
Deposits from customers	1,652	1,556	2,046	1,897	4,139	3,723
Business outlets	76	78	103	103	140	148
Employees as at reporting date (full-time equivalents)	1,285	1,241	1,268	1,316	2,536	2,633
Customers in million	0.5	0.4	0.4	0.4	0.6	0.6

in € million	Croatia 2020	Croatia 2019	Romania 2020	Romania 2019	Serbia 2020	Serbia 2019
Net interest income	115	122	372	374	85	88
Dividend income	0	1	0	2	0	0
Net fee and commission income	61	75	156	168	48	51
Net trading income and fair value result	3	6	20	18	7	8
Other net operating income	2	1	(14)	(3)	6	3
Operating income	**180**	**205**	**535**	**560**	**146**	**149**
General administrative expenses	(117)	(120)	(293)	(288)	(77)	(83)
Operating result	**64**	**85**	**242**	**271**	**68**	**66**
Other result	(13)	(21)	(9)	(19)	(2)	0
Levies and special governmental measures	(3)	(2)	(6)	(14)	0	(3)
Impairment losses on financial assets	(27)	(3)	(65)	(39)	(12)	(3)
Profit/loss before tax	**21**	**59**	**161**	**200**	**53**	**60**
Income taxes	(7)	(1)	(30)	(38)	(6)	(8)
Profit/loss after tax	**14**	**58**	**131**	**161**	**48**	**53**
Return on equity before tax	3.1%	9.3%	16.1%	23.2%	10.2%	12.2%
Return on equity after tax	2.0%	9.1%	13.1%	18.7%	9.1%	10.7%
Net interest margin (average interest-bearing assets)	2.45%	2.75%	4.08%	4.52%	3.01%	3.76%
Cost/income ratio	64.7%	58.4%	54.7%	51.5%	53.2%	55.6%
Loan/deposit ratio	68.5%	70.9%	65.1%	76.4%	66.7%	74.2%
Provisioning ratio (average loans to customers)	1.00%	0.12%	1.11%	0.68%	0.74%	0.20%
NPE ratio	3.1%	3.2%	2.5%	3.1%	1.7%	1.9%
NPE coverage ratio	66.2%	72.9%	77.0%	65.5%	71.0%	72.0%
Assets	5,321	4,959	10,696	9,246	3,299	2,789
Total risk-weighted assets (RWA)	2,581	2,637	5,025	4,756	2,057	1,854
Equity	679	680	1,135	1,020	572	523
Loans to customers	2,691	2,676	5,981	5,838	1,698	1,567
Deposits from customers	3,908	3,736	9,025	7,591	2,604	2,166
Business outlets	75	76	337	354	86	88
Employees as at reporting date (full-time equivalents)	1,818	1,860	5,115	4,987	1,480	1,581
Customers in million	0.5	0.5	2.2	2.3	0.9	0.8

Eastern Europe

in € million	2020	2019	Change	Q4/2020	Q3/2020	Change
Net interest income	1,060	1,142	(7.2)%	240	244	(1.8)%
Dividend income	2	2	25.8%	0	2	–
Net fee and commission income	519	557	(7.0)%	147	126	16.7%
Net trading income and fair value result	56	32	74.8%	6	13	(54.6)%
Net gains/losses from hedge accounting	(1)	0	–	(1)	(1)	(24.5)%
Other net operating income	(10)	3	–	3	(5)	–
Operating income	**1,625**	**1,737**	**(6.4)%**	**395**	**379**	**4.3%**
General administrative expenses	(651)	(721)	(9.7)%	(175)	(146)	19.9%
Operating result	**974**	**1,016**	**(4.1)%**	**219**	**232**	**(5.5)%**
Other result	(25)	(17)	47.9%	(13)	(3)	336.1%
Impairment losses on financial assets	(138)	(59)	134.5%	(15)	(38)	(61.9)%
Profit/loss before tax	**811**	**940**	**(13.7)%**	**192**	**191**	**0.6%**
Income taxes	(172)	(205)	(16.2)%	(41)	(40)	3.2%
Profit/loss after tax	**639**	**735**	**(13.0)%**	**150**	**151**	**(0.1)%**
Return on equity before tax	30.5%	35.7%	(5.2) PP	28.9%	26.9%	1.9 PP
Return on equity after tax	24.0%	27.9%	(3.9) PP	22.6%	21.2%	1.4 PP
Net interest margin (average interest-bearing assets)	5.33%	5.84%	(0.51) PP	5.06%	5.00%	0.06 PP
Cost/income ratio	40.1%	41.5%	(1.5) PP	44.4%	38.6%	5.8 PP
Loan/deposit ratio	71.8%	83.6%	(11.7) PP	71.8%	73.6%	(1.8) PP
Provisioning ratio (average loans to customers)	1.08%	0.44%	0.64 PP	0.51%	1.24%	(0.73) PP
NPE ratio	2.1%	2.0%	0.1 PP	2.1%	2.3%	(0.2) PP
NPE coverage ratio	57.0%	60.0%	(3.0) PP	57.0%	56.3%	0.7 PP
Assets	20,721	23,381	(11.4)%	20,721	20,506	1.0%
Total risk-weighted assets (RWA)	12,860	15,054	(14.6)%	12,860	12,639	1.7%
Equity	1,955	2,678	(27.0)%	1,955	2,206	(11.4)%
Loans to customers	11,560	14,465	(20.1)%	11,560	11,598	(0.3)%
Deposits from customers	16,224	17,712	(8.4)%	16,224	15,962	1.6%
Business outlets	604	732	(17.5)%	604	681	(11.3)%
Employees as at reporting date (full-time equivalents)	16,982	18,356	(7.5)%	16,982	17,530	(3.1)%
Customers in million	7.0	6.7	5.1%	7.0	6.8	3.1%

Segment performance

The segment's profit after tax declined € 96 million, or 13 per cent, year-on-year to € 639 million. While general administrative expenses were down largely as a result of currency effects, net interest income and net fee and commission income decreased and impairments on financial assets rose. As in the previous year, the Eastern Europe segment was affected by currency volatility in the reporting period. The average exchange rate of the Belarus ruble and Russian ruble depreciated 19 per cent and 14 per cent respectively, while that of the Ukrainian hryvnia fell 7 per cent.

Operating income

Net interest income in the Eastern Europe segment was down 7 per cent, or € 83 million, year-on-year to € 1,060 million. In Russia, net interest income declined € 48 million as a result of currency and margin effects, although in local currency a rise of 7 per cent was reported due to higher loan volumes. In Belarus, lower market interest rates and higher refinancing costs in local currency led to a fall of € 21 million in net interest income. In Ukraine, lower market interest rates were also responsible for a decrease of € 14 million in net interest income. The segment's net interest margin declined 51 basis points year-on-year to 5.33 per cent.

Net fee and commission income likewise decreased 7 per cent, or € 39 million, to € 519 million. Russia reported a volume- and currency-related reduction of € 20 million in net fee and commission income to € 374 million, mainly in clearing, settlement and payment services. Ukraine posted a decline, largely as a result of a change in the segment allocation of a Group unit.

The net trading income and fair value result rose from € 32 million in the comparable period of the previous year to € 56 million in the reporting period. Russia reported growth of € 15 million mainly as a result of the valuation of derivatives and trading in debt securities. Belarus and Ukraine reported increases of € 8 million and € 2 million, respectively, which was primarily due to a higher net gain on currency translation.

Other net operating income was down € 13 million to minus € 10 million, reflecting losses on the sale of financial assets in Russia (decrease of € 10 million).

General administrative expenses

The segment's general administrative expenses declined € 70 million year-on-year to € 651 million mainly due to currency developments in Russia and Belarus. The average number of employees decreased 983 to 17,733, which was driven largely by branch closures in Ukraine (down 99) and Russia (down 23). In addition, the change in the segment allocation of a Group unit led to a decline in the average number of employees (down 283). Currency developments in Russia and Belarus were responsible for the reduction of € 26 million in staff expenses. Other administrative expenses fell 11 per cent, or € 27 million, to € 210 million. The decline was primarily attributable to currency developments and a € 14 million decrease in deposit insurance fees in Russia as a consequence of governmental support measures in connection with the COVID-19 pandemic. The main reasons for the decline of € 13 million in other administrative expenses in Ukraine, were currency movements as well as office space and IT expenses. Depreciation was down from € 98 million to € 80 million, largely as a result of lower amortization of intangible assets and right-of-use assets in Russia. The cost/income ratio improved from 41.5 per cent to 40.1 per cent.

Other result

The other result was minus € 25 million in the reporting period (comparable period: minus € 17 million). This included € 14 million (increase of € 12 million) related to the effects of modifications to contractual terms, of which Ukraine accounted for € 10 million in connection with restructuring measures for loans to households and non-financial corporations. Impairments on non-financial assets – primarily on real estate in Russia – totaled € 15 million, which was slightly lower than in the previous year.

Impairment losses on financial assets

Impairment losses on financial assets amounted to € 138 million in the reporting period compared to € 59 million in the same period of the previous year. Net impairments of € 31 million (increase of € 19 million) were recognized in stage 1 and stage 2 in the reporting period. The increase reflected the worsening macroeconomic outlook and sector-specific effects in connection with COVID-19. Loans to non-financial corporations and loans to households accounted for € 17 million and € 7 million respectively of the impairments. In stage 3 (defaulted loans), net impairments were up € 78 million year-on-year to € 111 million, of which € 78 million related to loans to households and € 33 million to loans to non-financial corporations. Russia was the driver of the increases in both customer groups.

The NPE ratio was 2.1 per cent (2019: 2.0 per cent). The NPE coverage ratio decreased to 57.0 per cent (down 3.0 percentage points year-on-year) due to an increase in non-performing loans.

Detailed results of individual countries in the segment:

	Belarus		Russia		Ukraine	
in € million	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**
Net interest income	83	103	741	789	236	250
Dividend income	0	0	2	1	0	0
Net fee and commission income	57	57	374	394	88	106
Net trading income and fair value result	11	3	30	15	15	14
Net gains/losses from hedge accounting	0	0	(1)	0	0	0
Other net operating income	(2)	(6)	(11)	2	2	8
Operating income	**149**	**157**	**1,135**	**1,202**	**342**	**378**
General administrative expenses	(67)	(74)	(429)	(474)	(155)	(173)
Operating result	**82**	**83**	**706**	**728**	**187**	**205**
Other result	(1)	0	(15)	(17)	(10)	0
Impairment losses on financial assets	(15)	0	(110)	(68)	(14)	10
Profit/loss before tax	**66**	**82**	**581**	**643**	**163**	**215**
Income taxes	(19)	(22)	(122)	(145)	(30)	(38)
Profit/loss after tax	**47**	**61**	**459**	**498**	**133**	**177**
Return on equity before tax	20.3%	23.1%	28.5%	32.7%	42.4%	57.8%
Return on equity after tax	14.5%	17.1%	22.5%	25.3%	34.5%	47.5%
Net interest margin (average interest-bearing assets)	4.49%	5.74%	4.84%	5.11%	8.65%	10.83%
Cost/income ratio	44.8%	47.1%	37.8%	39.4%	45.4%	45.8%
Loan/deposit ratio	87.2%	85.8%	73.9%	85.4%	53.7%	72.8%
Provisioning ratio (average loans to customers)	1.24%	(0.07)%	1.09%	0.67%	0.92%	(0.64)%
NPE ratio	1.7%	1.6%	2.2%	1.5%	1.9%	5.2%
NPE coverage ratio	77.7%	83.2%	53.2%	55.1%	69.9%	63.9%
Assets	1,802	2,088	15,838	18,178	3,083	3,139
Total risk-weighted assets (RWA)	1,454	1,749	8,540	10,266	2,866	3,039
Equity	315	394	1,910	2,496	369	523
Loans to customers	1,108	1,274	9,105	11,344	1,346	1,848
Deposits from customers	1,294	1,504	12,381	13,696	2,548	2,512
Business outlets	79	86	132	154	393	492
Employees as at reporting date (full-time equivalents)	1,690	1,746	8,733	8,819	6,559	7,791
Customers in million	0.8	0.8	3.5	3.3	2.6	2.5

Group Corporates & Markets

in € million	2020	2019	Change	Q4/2020	Q3/2020	Change
Net interest income	582	598	(2.7)%	130	141	(7.3)%
Dividend income	8	17	(49.4)%	1	1	(33.7)%
Current income from investments in associates	2	1	90.3%	0	(1)	(89.1)%
Net fee and commission income	417	394	5.8%	118	100	18.2%
Net trading income and fair value result	93	35	168.1%	11	36	(69.8)%
Net gains/losses from hedge accounting	3	0	>500.0%	3	2	20.7%
Other net operating income	112	130	(14.1)%	33	32	1.2%
Operating income	**1,218**	**1,176**	**3.6%**	**295**	**311**	**(5.2)%**
General administrative expenses	(687)	(700)	(1.7)%	(186)	(165)	12.7%
Operating result	**530**	**476**	**11.4%**	**109**	**146**	**(25.3)%**
Other result	(8)	(31)	(75.4)%	0	(3)	(83.4)%
Levies and special governmental measures	(24)	(21)	16.9%	(6)	(5)	22.6%
Impairment losses on financial assets	(134)	(64)	110.5%	(21)	(81)	(74.1)%
Profit/loss before tax	**365**	**361**	**1.1%**	**82**	**58**	**41.0%**
Income taxes	(76)	(78)	(1.9)%	(17)	(8)	117.5%
Profit/loss after tax	**288**	**283**	**1.9%**	**64**	**50**	**28.8%**
Return on equity before tax	10.8%	12.5%	(1.8) PP	9.7%	6.9%	2.8 PP
Return on equity after tax	8.5%	9.8%	(1.3) PP	7.6%	5.9%	1.7 PP
Net interest margin (average interest-bearing assets)	1.07%	1.23%	(0.16) PP	0.95%	1.00%	(0.06) PP
Cost/income ratio	56.5%	59.5%	(3.1) PP	62.9%	52.9%	10.0 PP
Loan/deposit ratio	129.8%	147.6%	(17.8) PP	129.8%	126.3%	3.5 PP
Provisioning ratio (average loans to customers)	0.42%	0.57%	(0.15) PP	0.25%	0.96%	(0.70) PP
NPE ratio	1.7%	1.7%	0.0 PP	1.7%	1.7%	0.0 PP
NPE coverage ratio	53.4%	55.9%	(2.5) PP	53.4%	60.0%	(6.6) PP
Assets	58,083	53,706	8.2%	58,083	58,569	(0.8)%
Total risk-weighted assets (RWA)	27,463	24,581	11.7%	27,463	29,303	(6.3)%
Equity	3,393	3,025	12.1%	3,393	3,374	0.5%
Loans to customers	32,179	29,720	8.3%	32,179	33,186	(3.0)%
Deposits from customers	28,822	27,601	4.4%	28,822	28,274	1.9%
Business outlets	21	23	(8.7)%	21	21	0.0%
Employees as at reporting date (full-time equivalents)	3,099	2,908	6.6%	3,099	3,079	0.6%
Customers in million	1.9	2.0	(1.9)%	1.9	2.0	(0.9)%

Segment performance

Profit in the Group Corporates & Markets segment rose € 5 million year-on-year to € 288 million. The main factors behind the improvement in profit were a € 54 million increase in the operating result and a decrease in impairment losses on non-financial assets, primarily real estate (€ 27 million reduction). These were offset by € 70 million higher risk costs, mainly caused by the COVID-19 pandemic.

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

Main profit contributions by sub-segment:

in € million	2020	2019	Change	Q4/2020	Q3/2020	Change
Corporates Vienna	100	134	(25.7)%	26	(15)	-
Markets Vienna	83	82	0.4%	13	24	(44.0)%
Specialized financial institution subsidiaries and other	106	66	59.2%	25	41	(38.4)%
Profit/loss after tax	**288**	**283**	**1.9%**	**64**	**50**	**28.8%**

Operating income

Net interest income was down 3 per cent, or € 16 million, year-on-year to € 582 million, mainly due to lower interest income at Raiffeisen Centrobank AG and Raiffeisen Bausparkasse Österreich Gesellschaft m.b.H. The segment's net interest margin declined 16 basis points to 1.07 per cent as a consequence of increased short-term loans.

Dividend income decreased € 8 million, due to higher dividend payments in the previous year's period from unconsolidated subsidiaries and associates not valued at equity.

Net fee and commission income was up 6 per cent, or € 23 million, to € 417 million, mostly because of a volume-related increase in income from investment fund management. Additionally, higher fee and commission income was recorded at head office, primarily in investment banking, in the institutional investor business, in cash management and corporate lending, and in the securities business.

Net trading income and the fair value result improved € 58 million year-on-year. This included a positive impact from the valuation of a building society portfolio. The portfolio concerned generated a loss of € 54 million in the comparable period but was incorporated into a hedge accounting relationship in accordance with IAS 39 in the second quarter of 2019, as a result of which valuation changes have been largely neutralized since then. Results from fixed income securities trading also increased.

Other net operating income decreased € 18 million to € 112 million, partly due to higher income from residential construction in the Raiffeisen Leasing Group and to the sale of Schuldschein loans in the previous year's period.

General administrative expenses

General administrative expenses declined 2 per cent, or € 12 million, to € 687 million. The reduction was driven by lower advertising expenses, security expenses and travel expenses at head office, principally because of the COVID-19 pandemic. Mainly due to increased operating income, the segment's cost/income ratio improved to 56.5 per cent.

Other result

The other result amounted to minus € 8 million, compared to minus € 31 million in the comparable period. There were only small impairment losses on non-financial assets in the reporting period, whereas € 27 million in impairment losses were recognized in the previous year's period on property owned by an Italian leasing company.

Impairment losses on financial assets

Impairment losses on financial assets increased € 70 million year-on-year to € 134 million. The higher risk costs were primarily incurred at head office due to industry-specific adjustments related to COVID-19 on portfolios such as hotels, leveraged finance, corporate finance and project finance, to the updating of macroeconomic data and to defaults on the part of non-financial corporations.

The NPE ratio remained constant year-on-year at 1.7 per cent. The NPE coverage ratio was 53.4 per cent.

Corporate Center

in € million	2020	2019	Change	Q4/2020	Q3/2020	Change
Net interest income	(77)	(87)	(11.4)%	(15)	(25)	(40.6)%
Dividend income	650	747	(13.0)%	249	308	(19.2)%
Current income from investments in associates	36	166	(78.1)%	(3)	22	–
Net fee and commission income	20	(14)	–	1	7	(89.6)%
Net trading income and fair value result	(78)	(80)	(1.8)%	(42)	1	–
Net gains/losses from hedge accounting	4	7	(44.6)%	2	2	21.1%
Other net operating income	112	95	18.0%	34	25	39.2%
Operating income	**667**	**834**	**(20.0)%**	**225**	**339**	**(33.6)%**
General administrative expenses	(370)	(353)	4.9%	(92)	(84)	10.3%
Operating result	**297**	**481**	**(38.2)%**	**133**	**255**	**(48.0)%**
Other result	(101)	(66)	52.9%	50	(28)	–
Levies and special governmental measures	(72)	(57)	26.2%	2	1	193.8%
Impairment losses on financial assets	(2)	(2)	13.9%	3	(3)	–
Profit/loss before tax	**122**	**356**	**(65.8)%**	**188**	**224**	**(16.2)%**
Income taxes	36	66	(46.0)%	1	(13)	–
Profit/loss after tax	**157**	**422**	**(62.7)%**	**189**	**211**	**(10.4)%**
Assets	32,577	31,549	3.3%	32,577	38,772	(16.0)%
Total risk-weighted assets (RWA)	13,680	13,333	2.6%	13,680	13,541	1.0%
Equity	7,483	6,695	11.8%	7,483	7,462	0.3%
Loans to customers	3,081	4,043	(23.8)%	3,081	3,593	(14.2)%
Deposits from customers	2,058	1,464	40.6%	2,058	2,761	(25.5)%
Business outlets	–	–	–	–	–	–
Employees as at reporting date (full-time equivalents)	1,745	1,214	43.7%	1,745	1,693	3.1%
Customers in million	0.0	0.0	215.8%	0.0	0.0	3.9%

Segment performance

This segment essentially comprises net income from the Group head office's management functions and other Group units. Its results are therefore generally more volatile, with the vast majority relating to intra-Group transactions and having no impact on consolidated profit. The € 264 million decrease in profit in the reporting period mainly related to lower intra-Group dividend income. In the comparable period, there was also a large contribution to profit from Raiffeisen Informatik GmbH & Co KG (accounted for at equity) originating from the sales proceeds from a listed equity interest. There was also an increase in impairments on investments in associates.

Operating income

The segment's net interest income improved € 10 million year-on-year to minus € 77 million. The improvement was largely due to higher investment income from excess liquidity.

Dividend income, which is mainly from Group units belonging to other segments and therefore of an intra-Group nature, decreased € 97 million to € 650 million. To strengthen the equity base of credit and financial institutions in connection with COVID-19, restrictions on dividend distributions were introduced in many countries either through recommendations issued by supervisory authorities or through legislation.

Current income from investments in associates was down € 129 million to € 36 million. The decrease related to a € 117 million higher contribution to profit in the previous year from Raiffeisen Informatik GmbH & Co KG, originating from a valuation gain on and sales proceeds from a listed equity interest (SoftwareONE). This interest has since been sold in its entirety, with no further material effects.

Net fee and commission income improved € 35 million to € 20 million, primarily because of a change in the segment allocation of several Group units.

Other net operating income increased € 17 million to € 112 million due to the change in the segmental allocation of several Group units.

General administrative expenses

General administrative expenses increased 5 per cent, or € 17 million, to € 370 million, largely as a consequence of the change in the segment allocation of several Group units.

Other result

The other result declined € 35 million year-on-year to minus € 101 million. This was primarily caused by a € 27 million goodwill impairment in relation to Raiffeisen Kapitalanlage-Gesellschaft due to the less favorable medium-term business plan as a result of the COVID-19 pandemic and € 50 million in proceeds from the sale of a building in Slovakia in the previous year. Conversely, impairments on investments in associates were € 22 million lower at minus € 74 million. The provision of € 23 million allocated in the previous year for property transfer taxes in Germany was adjusted only by a minor amount in the reporting period.

Levies and special governmental measures

The expense for levies and special governmental measures reported in the segment increased € 15 million to € 72 million. At € 48 million, the expenses for bank levies remained almost unchanged compared to the same period of the previous year. The last installment of the one-off payment for the Austrian bank levy, totaling € 163 million spread over four years, was paid in the reporting period. The one-off payment (€ 41 million in the reporting period) is allocated to the Corporate Center segment. The head office contributions to the resolution fund allocated to the segment amounted to € 25 million.

Consolidated financial statements

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 regards Austria, where it is a leading corporate and investment bank, as well as Central and Eastern Europe (CEE) as its home market. 13 markets in the region are covered by subsidiary banks, the Group also comprises numerous other financial services providers, for instance in the field of leasing, asset management, factoring and M&A. RBI not only offers Austrian and international companies a broad range of products in corporate and investment banking, but also a comprehensive coverage in CEE. Through an extensive branch network, local companies of all sizes as well as private customers are supplied with high-quality financial products. RBI maintains representative offices and service branches in selected Asian and Western European locations to support its business activities. In total, RBI's around 45,000 employees serve 17.2 million clients at more than 1,800 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 consolidated financial statements are lodged with the Companies Register in accordance with Austrian disclosure regulations and published in the official journal of the Wiener Zeitung. They were signed by the Management Board on 26 February 2021 and subsequently submitted for the notice of the Supervisory Board.

The disclosures required under Article 434 of EU Regulation No 575/2013 on prudential requirements for credit institutions (Capital Requirements Regulation, CRR) are published on the Internet on the Bank's website at investor.rbinternational.com.

Statement of comprehensive income

Income statement

in € thousand	Notes	2020	2019
Net interest income	[1]	3,241,344	3,412,067
Interest income according to effective interest method		3,887,571	4,412,702
Interest income other		607,229	636,841
Interest expenses		(1,253,456)	(1,637,476)
Dividend income	[2]	22,121	31,282
Current income from investments in associates	[3]	40,657	171,198
Net fee and commission income	[4]	1,737,872	1,796,503
Fee and commission income		2,532,039	2,636,605
Fee and commission expenses		(794,167)	(840,102)
Net trading income and fair value result	[5]	93,693	(17,165)
Net gains/losses from hedge accounting	[6]	(421)	3,166
Other net operating income	[7]	59,782	78,298
Operating income		**5,195,047**	**5,475,349**
Staff expenses		(1,565,507)	(1,610,041)
Other administrative expenses		(985,622)	(1,094,115)
Depreciation		(397,496)	(388,910)
General administrative expenses	**[8]**	**(2,948,625)**	**(3,093,066)**
Operating result		**2,246,422**	**2,382,284**
Other result	[9]	(204,807)	(219,030)
Levies and special governmental measures	[10]	(178,597)	(162,494)
Impairment losses on financial assets	[11]	(629,576)	(233,974)
Profit/loss before tax		**1,233,442**	**1,766,786**
Income taxes	[12]	(323,836)	(402,186)
Profit/loss after tax		**909,606**	**1,364,600**
Profit attributable to non-controlling interests		(105,852)	(137,565)
Consolidated profit/loss		**803,755**	**1,227,035**

Earnings per share

in € thousand	2020	2019
Consolidated profit/loss	803,755	1,227,035
Dividend claim on additional tier 1	(75,052)	(62,313)
Profit/loss attributable to ordinary shares	**728,702**	**1,164,722**
Average number of ordinary shares outstanding in thousand	328,617	328,617
Earnings per share in €	**2.22**	**3.54**

As no conversion rights or options were outstanding, no dilution of earnings per share occurred. 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 € thousand	Notes	2020	2019
Profit/loss after tax		**909,606**	**1,364,600**
Items which are not reclassified to profit or loss		**11,184**	**75,736**
Remeasurements of defined benefit plans	[28]	(4,001)	(19,367)
Fair value changes of equity instruments	[15]	(8,920)	97,447
Fair value changes due to changes in credit risk of financial liabilities	[25]	12,765	(21,766)
Share of other comprehensive income from companies valued at equity	[20]	8,387	29,306
Deferred taxes on items which are not reclassified to profit or loss	[22, 29]	2,953	(9,885)
Items that may be reclassified subsequently to profit or loss		**(817,623)**	**330,358**
Exchange differences		(1,007,057)	331,916
Hedge of net investments in foreign operations	[19, 27]	182,792	(51,089)
Adaptions to the cash flow hedge reserve	[19, 27]	(2,815)	3,324
Fair value changes of financial assets	[15]	10,504	49,388
Share of other comprehensive income from companies valued at equity	[20]	(2,049)	1,328
Deferred taxes on items which may be reclassified to profit or loss	[22, 29]	1,001	(4,510)
Other comprehensive income		**(806,439)**	**406,093**
Total comprehensive income		**103,167**	**1,770,693**
Profit attributable to non-controlling interests	[31]	(49,685)	(169,462)
hereof income statement	[31]	(105,852)	(137,565)
hereof other comprehensive income		56,166	(31,897)
Profit/loss attributable to owners of the parent		**53,482**	**1,601,232**

Statement of financial position

Assets

Assets in € thousand	Notes	2020	2019
Cash, cash balances at central banks and other demand deposits	[13, 44]	33,660,024	24,289,265
Financial assets - amortized cost	[14, 44]	116,596,068	110,285,060
Financial assets - fair value through other comprehensive income	[15, 32, 44]	4,769,186	4,781,356
Non-trading financial assets - mandatorily fair value through profit/loss	[16, 32, 44]	821,695	775,937
Financial assets - designated fair value through profit/loss	[17, 32, 44]	457,167	2,275,832
Financial assets - held for trading	[18, 32, 44]	4,399,750	4,182,372
Hedge accounting	[19, 44]	563,420	397,155
Investments in subsidiaries and associates	[20, 44]	1,002,110	1,106,539
Tangible fixed assets	[21, 44]	1,683,960	1,828,929
Intangible fixed assets	[21, 44]	763,097	757,435
Current tax assets	[22, 44]	86,951	61,272
Deferred tax assets	[22, 44]	120,751	143,764
Other assets	[23, 44]	1,034,691	1,314,589
Total		**165,958,871**	**152,199,504**

Equity and liabilities

Equity and liabilities in € thousand	Notes	2020	2019
Financial liabilities - amortized cost	[24, 44]	141,735,321	128,764,416
Financial liabilities - designated fair value through profit/loss	[25, 32, 44]	1,506,835	1,842,725
Financial liabilities - held for trading	[26, 32, 44]	5,980,342	5,788,811
Hedge accounting	[27, 44]	420,930	246,450
Provisions for liabilities and charges	[28, 44]	1,060,670	1,082,731
Current tax liabilities	[29, 44]	76,593	30,549
Deferred tax liabilities	[29, 44]	36,993	38,017
Other liabilities	[30, 44]	853,143	640,822
Equity	[31, 44]	14,288,045	13,764,983
Consolidated equity		11,834,914	11,817,337
Non-controlling interests		820,470	811,001
Additional tier 1		1,632,661	1,136,645
Total		**165,958,871**	**152,199,504**

Statement of changes in equity

Changes in equity

in € thousand	Subscribed capital	Capital reserves	Retained earnings	Cumulative other comprehensive income	Consolidated equity	Non-controlling interests	Additional tier 1	Total
Equity as at 1/1/2019	**1,002,283**	**4,991,797**	**7,587,171**	**(2,994,112)**	**10,587,140**	**700,807**	**1,125,411**	**12,413,358**
Capital increases/ decreases	0	0	0	0	0	7,549	0	7,549
Allocation dividend - AT1	0	0	(62,164)	0	(62,164)	0	62,164	0
Dividend payments	0	0	(305,614)	0	(305,614)	(60,457)	(62,164)	(428,235)
Own shares	0	0	0	0	0	0	11,327	11,327
Other changes	0	0	(3,256)	0	(3,256)	(6,360)	(93)	(9,709)
Total comprehensive income	0	0	1,227,035	374,197	1,601,232	169,462	0	1,770,693
Equity as at 31/12/2019	**1,002,283**	**4,991,797**	**8,443,172**	**(2,619,915)**	**11,817,337**	**811,001**	**1,136,645**	**13,764,983**
Capital increases/ decreases	0	0	0	0	0	7,494	497,174	504,667
Allocation dividend - AT1	0	0	(73,706)	0	(73,706)	0	73,706	0
Dividend payments	0	0	0	0	0	(47,039)	(73,706)	(120,745)
Own shares	0	0	0	0	0	0	(597)	(597)
Other changes	0	0	61,193	(23,393)	37,801	(671)	(561)	36,568
Total comprehensive income	0	0	803,755	(750,273)	53,482	49,685	0	103,167
Equity as at 31/12/2020	**1,002,283**	**4,991,797**	**9,234,414**	**(3,393,580)**	**11,834,914**	**820,470**	**1,632,661**	**14,288,045**

Statement of cash flows

in € thousand	Notes	2020	2019[2]
Cash, cash balances at central banks and other demand deposits as at 1/1	**[13]**	**24,289,265**	**22,557,484**
Operating activities:			
Profit/loss before tax		1,233,442	1,766,786
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]	444,848	448,191
Net provisioning for liabilities and charges and impairment losses on financial assets	[7, 11, 28]	684,259	337,787
Gains/losses from the measurement and derecognition of assets and liabilities	[5, 9]	(323)	272,443
Income from investments in associates	[3]	(40,657)	(171,198)
Other adjustments (net)[1]		(3,160,426)	(3,490,079)
Subtotal		**(838,856)**	**(836,070)**
Changes in assets and liabilities arising from operating activities after corrections for non-cash positions:			
Financial assets - amortized cost	[14]	(4,192,766)	(7,695,175)
Financial assets - fair value through other comprehensive income	[15, 32]	(78,644)	1,865,421
Non-trading financial assets - mandatorily fair value through profit/loss	[16, 32]	(45,778)	(206,117)
Financial assets - designated fair value through profit/loss	[17, 32]	1,804,752	915,884
Financial assets - held for trading	[18, 32]	(74,950)	(427,027)
Other assets	[23]	45,516	(152,662)
Financial liabilities - amortized cost	[24]	15,420,576	8,126,348
Financial liabilities - designated fair value through profit/loss	[25, 32]	(186,021)	(83,425)
Financial liabilities - held for trading	[26, 32]	199,505	432,548
Provisions for liabilities and charges	[28]	(153,895)	(153,143)
Other liabilities	[30]	(61,177)	(186,325)
Interest received	[1]	4,376,578	4,706,518
Interest paid	[1]	(1,304,720)	(1,490,484)
Dividends received	[2]	78,692	71,891
Income taxes paid	[12]	(340,687)	(375,805)
Net cash from operating activities		**14,648,121**	**4,512,376**
Investing activities:			
Cash and cash equivalents from disposal of subsidiaries		(903)	(28,521)
Payments for purchase of:			
Investment securities and shares	[14, 15, 16, 17, 20]	(6,675,858)	(6,605,884)
Tangible and intangible fixed assets	[21]	(435,319)	(568,866)
Subsidiaries		0	0
Proceeds from sale of:			
Investment securities and shares	[14, 15, 16, 17, 20]	1,867,736	4,920,170
Tangible and intangible fixed assets	[21]	103,268	57,462
Subsidiaries	[9]	1	72,558
Net cash from investing activities		**(5,141,075)**	**(2,153,081)**
Financing activities:			
Capital increases		497,174	11,327
Capital decreases		(597)	0
Inflows subordinated financial liabilities	[24, 25]	511,428	606,690
Outflows subordinated financial liabilities	[24, 25]	(423,663)	(636,303)
Dividend payments		(120,745)	(428,235)
Cash flows for leases	[59]	(68,278)	(70,352)
Inflows from changes in non-controlling interests		7,494	7,549
Net cash from financing activities		**402,812**	**(509,324)**
Effect of exchange rate changes		(539,099)	(118,191)
Cash, cash balances at central banks and other demand deposits as at 31/12	**[13]**	**33,660,024**	**24,289,265**

1 Other (net) adjustments mainly include the deduction of net interest income and dividend income; the corresponding cash flows are shown under the items interest received, interest paid and dividends received.
2 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

Segment classification

Segmentation principles

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 (CGU) 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. Segment classification is therefore 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.

In order to achieve the maximum possible transparency and in the interest of clearer lines of reporting, five segments were defined in accordance with the IFRS 8 thresholds. IFRS 8 establishes a 10 per cent threshold for the key figures of operating income, profit after tax and segment assets.

The following segments resulted thereof:

Central Europe

This segment encompasses the most advanced banking markets in Central and Eastern Europe, namely the EU members, Czech Republic, Hungary, Poland, Slovakia and Slovenia. In Poland, RBI is present with a reduced portfolio of retail foreign currency mortgage loans. In Slovakia, RBI is active in the corporate and retail customer business, leasing, asset management and building society business. In retail business, Tatra banka is pursuing a multibrand strategy. In Slovenia, the Group has one leasing company. The business volume of the Slovenian leasing company has been reduced as scheduled. In the Czech Republic, RBI is engaged in the real estate leasing and building society business in addition to offering traditional banking services to corporate and retail customers. The focus is on broadening relationships with affluent customers. In Hungary, the Group provides services to retail and corporate customers via the bank's countrywide network. The focus is based on corporate customers and affluent retail customers.

Southeastern Europe

The Southeastern Europe segment comprises Albania, Bosnia and Herzegovina, Bulgaria, Croatia, Kosovo, Romania and Serbia. In these markets, RBI is represented by banks and leasing companies, as well as own capital management and asset management companies and pension funds in some markets. In Albania and Bulgaria, financial services are offered across all business areas. In Kosovo, RBI also offers a comprehensive product range. In Bosnia and Herzegovina, the emphasis is on small and medium-sized enterprises, while also including a wide range of products for retail customers. In Croatia, the focus is on large and medium-sized corporate customers and on retail customers (including pension funds business). In Romania, a broad range of financial services is offered via a tightly knit branch network. In Serbia, the market is serviced by a universal bank and leasing companies.

Eastern Europe

This segment comprises Belarus, Russia and Ukraine. In Belarus, RBI is represented by a bank and a leasing company. Raiffeisenbank Russia is one of the leading foreign banks in Russia and services both corporate and retail customers. The branch network also offers products targeted toward affluent retail customers and small and medium-sized entities, with the focus on large cities. Furthermore, RBI is active in the issuance business. The product range in Russia is completed by the leasing business. In Ukraine, RBI is represented by a bank and a leasing company and provides a full range of financial services via a tightly knit branch network.

Group Corporates & Markets

The Group Corporates & Markets segment covers operating business booked in Austria. This primarily comprises financing business with Austrian and international corporate customers serviced from Vienna, Financial Institutions & Sovereigns and business with the institutions of the Raiffeisen Banking Group (RBG). This segment also covers the capital market-based customer and proprietary business in Austria. Besides RBI AG, this also includes financial services outsourced to subsidiaries, such as Vienna-based entities like Raiffeisen Centrobank AG (equity trading and capital market financing), Kathrein Privatbank Aktiengesellschaft, Raiffeisen Leasing Group, Raiffeisen Factor Bank AG, Raiffeisen Bausparkasse Gesellschaft m.b.H., Valida Group (pension fund business) and Raiffeisen Kapitalanlage-Gesellschaft mit beschränkter Haftung. In addition, companies valued at equity are assigned to this segment: card complete Service Bank AG, Vienna, NOTARTREUHANDBANK AG, Vienna, Oesterreichische Kontrollbank AG, Vienna, EMCOM Beteiligungs GmbH, Vienna, Posojilnica Bank eGen, Klagenfurt.

Corporate Center

The Corporate Center segment encompasses services in various areas provided by head office and joint service providers that serve to implement the Group's overall strategy and that are allocated to this segment to ensure comparability. Therefore, this segment includes the following areas: Liquidity management and balance sheet structure management, equity participation management, the banking operations carried out by head office for financing Group units, the Austrian and international transaction and services business for financial services providers, as well as other companies outside the financial service provider business that are not directly assigned to another segment. Also companies valued at equity are assigned to this segment such as UNIQA Insurance Group AG, Vienna, and LEIPNIK-LUNDENBURGER INVEST Beteiligungs AG, Vienna (holding company with strategic participations in the flour, mill and vending segments).

Assessment of segment profit/loss

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

The governance of each segment is based on key indicators relating to profitability, efficiency, constraints and business mix parameters. The target values of these key indicators are determined according to the specific market environment and adapted when necessary.

Profitability

Profitability is measured by the return on equity (ROE) and return on risk-adjusted capital (RORAC) based on the internal management systems. The return on equity shows the profitability of a CGU and is calculated as the ratio of profit/loss after deduction of profit/loss attributable to non-controlling interests to average consolidated equity employed. The return on equity reflects the yield of the capital employed of each segment. The calculation of the RORAC incorporates risk-adjusted capital, which reflects the capital necessary in case of possible unexpected losses. In RBI, this capital requirement is calculated within the economic capital model for credit, market and operational risk. This ratio shows the yield on the risk-adjusted equity (economic capital), but it is not an indicator pursuant to IFRS. Within the different countries and business lines the actual RORAC generated is compared with the respective predetermined minimal value (RORAC hurdle), which reflects appropriate market yield expectations.

Efficiency

The cost/income ratio represents the cost efficiency of the segment. The cost/income ratio shows general administrative expenses in relation to operating income, which is the sum of 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.

Constraints

In accordance with the Basel III framework, specific legal regulations are to be considered. The proportion of common equity tier 1 capital to total risk-weighted assets (common equity tier 1 ratio) is for example an important indicator of whether the underlying capital is adequate for the business volume. Industry sector specifics lead to different risk weights within the calculation of risk-weighted assets according to CRR. These factors are crucial for the calculation of the regulatory minimum total capital requirements. As part of the annual Supervisory Review and Evaluation Process (SREP), the ECB stipulates in a notification that additional CET1 capital must be held in order to cover those risks which are not considered or are insufficiently considered in Pillar I. Moreover, the efficient use of the available capital is calculated internally, whereby the actual usage is compared to the theoretically available risk coverage capital. The long-term liquidity ratios are also restrictive and are defined in accordance with the regulatory requirements.

Business mix

The following key performance indicators are relevant in ensuring a reasonable and sustainable business structure, whereby the composition of the results and the underlying portfolio parameters are of significance. The structure of the primary funding basis for loans and advances to customers is measured using the loan/deposit ratio. The net interest margin is calculated based on average interest-bearing assets.

The presentation of segment performance is based on the income statement and geared to the reporting structure internally used. Income and expenses are attributed primarily to the country and secondary to business area in which they are generated. The segment reporting is thus shown by country and region, respectively. The segment result is shown up to the profit/loss after deduction of non-controlling interests.

The segment assets are represented by the total assets and the risk-weighted assets. The reconciliation includes mainly the amounts resulting from the elimination of intra-group results and consolidation between the segments. The income statement is supplemented with financial ratios conventionally used within the industry to evaluate performance. The values shown in the segment reporting are for the most part taken from the IFRS individual financial statements which are also used for the compilation of the consolidated financial statements. At head office, profit center results are taken from the internal management income statement.

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

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

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

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

Segment performance

2020 in € thousand	Central Europe	Southeastern Europe	Eastern Europe	Group Corporates & Markets
Net interest income	787,223	849,188	1,059,868	582,231
Dividend income	4,918	2,873	1,889	8,469
Current income from investments in associates	2,856	0	0	1,633
Net fee and commission income	409,912	377,319	518,601	417,450
Net trading income and fair value result	18,516	39,171	56,249	92,988
Net gains/losses from hedge accounting	166	(97)	(1,415)	3,094
Other net operating income	332	(4,261)	(9,877)	111,781
Operating income	**1,223,923**	**1,264,191**	**1,625,315**	**1,217,645**
General administrative expenses	(673,572)	(714,411)	(650,947)	(687,401)
Operating result	**550,351**	**549,780**	**974,368**	**530,244**
Other result	(61,470)	(26,108)	(25,364)	(7,623)
Levies and special governmental measures	(63,332)	(19,147)	0	(23,983)
Impairment losses on financial assets	(176,937)	(178,098)	(138,161)	(134,122)
Profit/loss before tax	**248,613**	**326,427**	**810,843**	**364,515**
Income taxes	(68,444)	(53,060)	(171,618)	(76,373)
Profit/loss after tax	**180,169**	**273,366**	**639,225**	**288,142**
Profit attributable to non-controlling interests	(51,957)	(97)	(49,236)	(15,343)
Profit/loss after deduction of non-controlling interests	**128,211**	**273,269**	**589,988**	**272,800**

Return on equity before tax	7.4%	9.9%	30.5%	10.8%
Return on equity after tax	5.4%	8.3%	24.0%	8.5%
Net interest margin (average interest-bearing assets)	1.87%	3.26%	5.33%	1.07%
Cost/income ratio	55.0%	56.5%	40.1%	56.5%
Loan/deposit ratio	88.8%	67.5%	71.8%	129.8%
Provisioning ratio (average loans to customers)	0.60%	1.11%	1.08%	0.42%
NPE ratio	1.9%	2.8%	2.1%	1.7%
NPE coverage ratio	63.1%	70.8%	57.0%	53.4%
Assets	45,279,725	29,897,183	20,720,769	58,083,161
Total risk-weighted assets (RWA)	20,434,387	16,629,313	12,860,372	27,462,694
Equity	3,237,418	3,309,998	1,954,839	3,392,664
Loans to customers	29,857,229	16,293,719	11,560,155	32,178,925
Deposits from customers	34,393,052	24,292,279	16,224,175	28,821,741
Business outlets	368	864	604	21
Employees as at reporting date (full-time equivalents)	9,244	14,344	16,982	3,099
Customers in million	2.9	5.4	7.0	1.9

Significant changes in profit/loss are described below:

Segment Central Europe: Profit after tax in the Central Europe segment was down € 110 million year-on-year to € 180 million, mainly due to higher impairment losses resulting from COVID-19. The decrease in profit after tax amounted to € 101 million in the Czech Republic, € 33 million in Slovakia and € 22 million in Hungary. In Poland, the after-tax loss reduced by € 46 million.

Segment Southeastern Europe: The segment's profit after tax declined 33 per cent, or € 137 million, year-on-year to € 273 million. This was principally due to an increase of € 108 million in risk costs, caused mainly by the macroeconomic deterioration triggered by COVID-19, by structural effects on specific industries and by higher loan defaults, mostly among households.

Segment Eastern Europe: The segment's profit after tax declined € 96 million, or 13 per cent, year-on-year to € 639 million. While general administrative expenses were down largely as a result of currency effects, net interest income and net fee and commission income decreased and impairments on financial assets rose. As in the previous year, the Eastern Europe segment was affected by currency volatility in the reporting period. The average exchange rate of the Belarus ruble and Russian ruble depreciated 19 per cent and 14 per cent respectively, while that of the Ukrainian hryvnia fell 7 per cent.

2020 in € thousand	Corporate Center	Reconciliation	Total
Net interest income	(77,018)	39,853	3,241,344
Dividend income	649,750	(645,778)	22,121
Current income from investments in associates	36,168	0	40,657
Net fee and commission income	20,460	(5,870)	1,737,872
Net trading income and fair value result	(78,201)	(35,029)	93,693
Net gains/losses from hedge accounting	3,780	(5,948)	(421)
Other net operating income	112,168	(150,362)	59,782
Operating income	**667,107**	**(803,134)**	**5,195,047**
General administrative expenses	(370,122)	147,827	(2,948,625)
Operating result	**296,986**	**(655,307)**	**2,246,422**
Other result	(100,870)	16,629	(204,807)
Levies and special governmental measures	(72,135)	0	(178,597)
Impairment losses on financial assets	(2,350)	92	(629,576)
Profit/loss before tax	**121,630**	**(638,586)**	**1,233,442**
Income taxes	35,754	9,906	(323,836)
Profit/loss after tax	**157,384**	**(628,679)**	**909,606**
Profit attributable to non-controlling interests	(109)	10,891	(105,852)
Profit/loss after deduction of non-controlling interests	**157,275**	**(617,789)**	**803,755**
Return on equity before tax	–	–	9.2%
Return on equity after tax	–	–	6.8%
Net interest margin (average interest-bearing assets)	–	–	2.15%
Cost/income ratio	–	–	56.8%
Loan/deposit ratio	–	–	88.4%
Provisioning ratio (average loans to customers)	–	–	0.68%
NPE ratio	–	–	1.9%
NPE coverage ratio	–	–	61.5%
Assets	32,577,009	(20,598,977)	165,958,871
Total risk-weighted assets (RWA)	13,680,244	(12,202,929)	78,864,082
Equity	7,483,237	(5,090,112)	14,288,045
Loans to customers	3,080,766	(2,300,060)	90,670,734
Deposits from customers	2,057,845	(3,676,756)	102,112,335
Business outlets	–	–	1,857
Employees as at reporting date (full-time equivalents)	1,745	–	45,414
Customers in million	0.0	–	17.2

Segment Group Corporates & Markets: Profit in the Group Corporates & Markets segment rose € 5 million year-on-year to € 288 million. The main factors behind the improvement in profit were a € 54 million increase in the operating result and a decrease in impairment losses on non-financial assets, primarily real estate (€ 27 million reduction). These were offset by € 70 million higher risk costs, mainly caused by the COVID-19 pandemic.

Segment Corporate Center: This segment essentially comprises net income from the Group head office's management functions and other Group units. Its results are therefore generally more volatile, with the vast majority relating to intra-Group transactions and having no impact on consolidated profit. The € 264 million decrease in profit in the reporting period mainly related to lower intra-Group dividend income. In the comparable period, there was also a large contribution to profit from Raiffeisen Informatik GmbH & Co KG (accounted for at equity) originating from the sales proceeds from a listed equity interest. There was also an increase in impairments on investments in associates.

Reconciliation comprises consolidation entries required to reconcile the individual segment results to the Group result. The financials of the segments are shown after elimination of intra-segment items. However, the inter-segment items are eliminated in the reconciliation. The main eliminations are dividend payments to head office and inter-segment revenues charged and expenses carried by the head office.

2019 in € thousand	Central Europe	Southeastern Europe	Eastern Europe	Group Corporates & Markets
Net interest income	830,182	866,873	1,142,457	598,204
Dividend income	5,190	8,168	1,501	16,746
Current income from investments in associates	4,839	0	0	858
Net fee and commission income	440,617	417,238	557,428	394,450
Net trading income and fair value result	25,849	39,268	32,179	34,682
Net gains/losses from hedge accounting	11	(481)	0	453
Other net operating income	(19,200)	5,348	3,224	130,129
Operating income	**1,287,489**	**1,336,414**	**1,736,789**	**1,175,522**
General administrative expenses	(730,417)	(720,674)	(720,824)	(699,589)
Operating result	**557,072**	**615,740**	**1,015,965**	**475,933**
Other result	(57,106)	(40,390)	(17,150)	(30,999)
Levies and special governmental measures	(59,756)	(25,060)	0	(20,520)
Impairment losses on financial assets	(38,220)	(69,710)	(58,927)	(63,719)
Profit/loss before tax	**401,990**	**480,580**	**939,889**	**360,695**
Income taxes	(111,703)	(70,589)	(204,794)	(77,814)
Profit/loss after tax	**290,287**	**409,991**	**735,095**	**282,881**
Profit attributable to non-controlling interests	(69,412)	3,009	(54,615)	(4,441)
Profit/loss after deduction of non-controlling interests	**220,875**	**412,999**	**680,480**	**278,440**

Return on equity before tax	12.7%	15.9%	35.7%	12.5%
Return on equity after tax	9.2%	13.6%	27.9%	9.8%
Net interest margin (average interest-bearing assets)	2.09%	3.63%	5.84%	1.23%
Cost/income ratio	56.7%	53.9%	41.5%	59.5%
Loan/deposit ratio	98.0%	74.6%	83.6%	147.6%
Provisioning ratio (average loans to customers)	0.13%	0.46%	0.44%	0.57%
NPE ratio	2.4%	3.0%	2.0%	1.7%
NPE coverage ratio	58.6%	69.9%	60.0%	55.9%
Assets	42,093,613	26,986,357	23,380,652	53,705,533
Total risk-weighted assets (RWA)	22,114,216	15,903,103	15,054,121	24,580,808
Equity	3,147,348	2,932,673	2,677,827	3,025,409
Loans to customers	29,603,275	15,914,939	14,465,387	29,719,794
Deposits from customers	31,966,614	21,529,357	17,712,306	27,600,716
Business outlets	391	894	732	23
Employees as at reporting date (full-time equivalents)	9,915	14,480	18,356	2,908
Customers in million	2.7	5.4	6.7	2.0

2019 in € thousand	Corporate Center	Reconciliation	Total
Net interest income	(86,932)	61,282	3,412,067
Dividend income	747,092	(747,414)	31,282
Current income from investments in associates	165,500	0	171,198
Net fee and commission income	(14,389)	1,159	1,796,503
Net trading income and fair value result	(79,596)	(69,546)	(17,165)
Net gains/losses from hedge accounting	6,827	(3,643)	3,166
Other net operating income	95,073	(136,277)	78,298
Operating income	**833,576**	**(894,441)**	**5,475,349**
General administrative expenses	(352,826)	131,265	(3,093,066)
Operating result	**480,750**	**(763,176)**	**2,382,284**
Other result	(65,969)	(7,415)	(219,030)
Levies and special governmental measures	(57,155)	(4)	(162,494)
Impairment losses on financial assets	(2,062)	(1,336)	(233,974)
Profit/loss before tax	**355,564**	**(771,931)**	**1,766,786**
Income taxes	66,248	(3,534)	(402,186)
Profit/loss after tax	**421,812**	**(775,465)**	**1,364,600**
Profit attributable to non-controlling interests	(55)	(12,051)	(137,565)
Profit/loss after deduction of non-controlling interests	**421,757**	**(787,516)**	**1,227,035**

Return on equity before tax	–	–	14.2%
Return on equity after tax	–	–	11.0%
Net interest margin (average interest-bearing assets)	–	–	2.44%
Cost/income ratio	–	–	56.5%
Loan/deposit ratio	–	–	97.9%
Provisioning ratio (average loans to customers)	–	–	0.26%
NPE ratio	–	–	2.1%
NPE coverage ratio	–	–	61.0%
Assets	31,548,828	(25,515,478)	152,199,504
Total risk-weighted assets (RWA)	13,333,415	(13,019,456)	77,966,207
Equity	6,694,511	(4,712,785)	13,764,983
Loans to customers	4,043,294	(2,542,469)	91,204,221
Deposits from customers	1,463,968	(4,059,149)	96,213,812
Business outlets	–	–	2,040
Employees as at reporting date (full-time equivalents)	1,214	–	46,873
Customers in million	0.0	–	16.7

Notes

Principles underlying the consolidated financial statements

Principles of preparation

The 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). All standards published by the IASB as International Accounting Standards and adopted by the EU have been applied to the financial statements. The consolidated financial statements also satisfy the requirements of § 245a of the Austrian Commercial Code (UGB) and § 59a of the Austrian Banking Act (BWG) regarding exempting consolidated financial statements that comply with internationally accepted accounting principles. IAS 41 and IFRS 6 have not been applied as there were no relevant business transactions in the Group.

A financial asset is recognized when it is probable that the future economic benefits will flow to the company and the acquisition or production costs or another value can be reliably measured. A financial liability is recognized when it is probable that an outflow of resources embodying economic benefits will result from the settlement of the obligation and the amount at which the settlement will take place can be measured reliably. An exception is certain financial instruments which are recognized at fair value at the reporting date. Revenue is recognized if the conditions of IFRS 15 are met and if it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably.

The consolidated financial statements are based on the reporting packages of all fully consolidated Group members, which are prepared according to IFRS rules and uniform Group standards. All material subsidiaries prepare their annual financial statements as at and for the year ended 31 December. Some IFRS details which are 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 particularly 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.

Key sources of estimation uncertainty and critical accounting judgments

If estimates or assessments are necessary for accounting and measuring under IAS/IFRS rules, they are made in accordance with the respective standards. They are based on past experience and other factors, such as planning and expectations or forecasts of future events that appear likely. The estimates and underlying assumptions are reviewed on an ongoing basis. Alterations to estimates that affect only one period will be taken into account only in that period. If the following reporting periods are also affected, the alterations will be taken into consideration in the current and following periods. The critical assumptions, estimates and accounting judgments are as follows:

Impairment in the lending business

The application of RBI's accounting policies requires accounting judgments of the management. RBI assesses on a forward-looking basis the expected credit losses associated with its debt instrument assets carried at amortized cost and FVOCI and with the exposure arising from loan commitments, leasing receivables and financial guarantee contracts. The calculation of expected credit losses (ECL) requires the use of accounting estimates that by definition rarely match actual results. The amount of impairment to be allocated depends on the change in the default risk of a financial instrument after it was added. In order to determine the amount of the impairment, significant credit risk parameters such as PD (Probability of Default), LGD (Loss Given Default) and EAD (Exposure at Default) as well as future-oriented information (economic forecasts) are to be estimated by management. The provision for credit risks is adjusted for this expected loss at each reporting date. The methods for determining the amount of the impairment are explained in the section Impairment general (IFRS 9). Quantitative information and sensitivity analyses are presented in the notes under (36).

Fair value of financial instruments

Fair value is the price received for the sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This applies regardless of whether the price can be directly observed or has been estimated on the basis of a measurement method. In determining the fair value of an asset or liability, the Group considers certain features of the asset or liability (e.g. condition and location of the asset, or restrictions in the sale and use of an asset) if market participants would also consider such features in determining the price for the acquisition of the respective asset or for the transfer of the liability at the measurement date. Where the market for a financial instrument is not active, fair value is established using a valuation technique or pricing model. For valuation methods and models, estimates are generally used depending on the complexity of the instrument and the availability of market-based data. The inputs to these models are derived from observable market data where possible. Under certain circumstances, valuation adjustments are necessary to account for other factors such as model risk, liquidity risk or credit risk. The valuation models are described in the notes in the section on financial instruments – recognition and measurement. In addition, the fair values of financial instruments are disclosed in the notes under (32) Fair value of financial instruments.

Provisions for litigation

Provisions are recognized when the Group has a present obligation from a past event, where it is likely that it will be obliged to settle, and an estimate of the amount is possible. The level of provisions is the best possible estimate of expected outflow of economic benefits at the reporting date while considering the risks and uncertainties underlying the commitment to fulfill the obligation. Risks and uncertainties are taken into consideration when making estimates. In some cases, lawsuits related to the Consumer Protection Act are filed by a number of customers. In such cases, provisions are based on a statistical approach that takes into account both static data, where relevant, and expert opinions. Additional details are available under (55) Pending legal issues.

Provision for pensions and similar obligations

The cost of the defined benefit pension plan is determined using an actuarial valuation. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. The interest rate used to discount the Group's defined benefit obligations is determined on the basis of the yields obtained in the market at the balance sheet date for high quality fixed-income corporate bonds. Considerable discretion has to be exercised in this connection in setting the criteria for the selection of the corporate bonds representing the universe from which the yield curve is derived. Mercer´s recommendation is used to determine the discount rate. The main criteria for the selection of such corporate bonds are the issuance volumes of the bonds, the quality of the bonds and the identification of outliers, which are not considered. Assumptions and estimates used for the defined benefit obligation calculations are described in the section on pension obligations and other termination benefits. Quantitative information on long-term employee provisions are disclosed in the notes under (28) Provisions for liabilities and charges.

Deferred tax assets

Deferred tax assets are recognized only to the extent that it is probable that in the future sufficient taxable profit will be available against which those tax loss carry-forwards, tax credits or deductible temporary differences can be utilized. A planning period of five years is used to this end. This assessment requires significant judgments and assumptions to be made by management. In determining the amount of deferred tax assets, the management uses historical tax capacity and profitability information and, if relevant, forecasted operating results based upon approved business plans, including a review of the eligible carry-forward period.

Deferred taxes are not reported separately in the income statement and are disclosed under comprehensive income and in the notes under (12) Income taxes. By contrast, deferred taxes are shown separately in the statement of financial position in the notes under (22) Tax assets and (29) Tax liabilities.

Testing contractual cash flow characteristics

In addition to the business model test, a test of a financial asset's cash flows is also necessary in order to allocate it to the measurement categories at amortized cost or at fair value through other comprehensive income. In order to pass the contractual cash flow characteristics test, the asset's contractual cash flows must consist solely of payments of principal and interest on the principal amount outstanding. This analysis of whether contractual cash flows of financial assets consist solely of interest and principal payments involves critical judgments based on the requirements of IFRS 9. At RBI, these judgments are mainly applied to loans with mismatched interest components, considering the individual contractual features of financial assets. In order to be able to assess whether a financial asset passes the cash flow characteristics test, a benchmark test is necessary. Further explanations are provided in the section on recognition and measurement principles under analysis of contractual cash flow characteristics.

In addition to the significant accounting judgments and main sources of estimation uncertainty mentioned above, the following section on accounting policies related to COVID-19 explains in more detail impairment testing of goodwill and of companies valued at equity.

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. Countries have implemented different approaches to both the duration of the payment moratorium and the capitalization of interest during the moratorium period.

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. For such items, a total amount of minus € 29,415 thousand was posted in 2020. The modification gain or loss is equal to the difference between the gross carrying amount prior to the modification and the net present value of the cash flows of the modified asset, discounted at the original effective interest rate. The income statement shows the modification gain or loss under (9) Other result in the row entitled net modification gains/losses.

Payment moratoriums are not considered to automatically trigger a significant increase in credit risk (SICR). RBI will instead continue to apply its defined assessment criteria consisting of qualitative information and quantitative thresholds. Additional details on the estimation of expected credit losses (ECL) related to the COVID-19 pandemic can be found under (34) Credit quality analysis and (36) Expected credit losses.

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 end of March 2021	opt-in	principal, interest
Austria	until end of January 2021	opt-in	principal, interest
Romania	until end of March 2021	opt-in	principal, interest
Russia	expired end of September 2020	–	–
Serbia	until year-end 2020/until April 2021	opt-out/opt-in	principal, interest
Slovakia	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 businesses, as well as bridge loans extended by banks and guaranteed by governments to ensure that companies have sufficient liquidity during the COVID-19 pandemic.

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 that are assumed when the guaranteed financial assets are originated 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 participated in the European Central Bank's TLTRO III program (Targeted Longer-Term Refinancing Operations) in order to build up an additional liquidity buffer. Since December 2019, RBI has borrowed approximately € 5,686,263 thousand from the TLTRO III facility. The interest rate on the TLTRO III facility tracks the performance of a benchmark loan portfolio based on two comparison periods. At RBI, interest is accrued at the deposit facility rate, currently -0.5 per cent, over the term of the refinancing, as RBI expects loan growth to reach the required 1.15 per cent growth rate by the end of March 2021. RBI currently assumes that the requirements for claiming the so-called COVID bonus for the period between June 2020 and June 2021 will not be met and, consequently, does not include it in the accrual of interest.

Goodwill impairment test

All goodwill is tested each year with respect to its future economic benefits based on cash-generating units. An impairment test is conducted as of the balance sheet date if indications of possible impairment arise during the financial year. In 2020, the COVID-19 pandemic produced a significant negative change in the economic environment in which the subsidiaries operate. This indication triggered an impairment test for goodwill that arose on first consolidation. Raiffeisen Kapitalanlage-Gesellschaft's medium-term plan was revised in response to the pandemic, resulting in a goodwill impairment of € 26,864 thousand. For additional information, see (9) Other result and (21) Tangible fixed assets and intangible fixed assets in the notes.

Impairment testing of companies valued at equity

The carrying amounts of companies valued at equity must be tested for impairment in the same way as other assets to determine whether there are objective indications of impairment. At the end of each reporting period, an assessment is made as to whether there is any indication that the carrying amount of an investment exceeds its recoverable amount. IAS 36 contains a list of internal and external indicators that are considered to be indications of impairment. In 2020, the COVID-19 pandemic led to a negative change in the economic environment in which the Group's associates operate. If an indication arises that an entity valued at equity may be impaired, the recoverable amount of the asset is calculated. Additional details can be found under (20) Investments in subsidiaries and associates.

Foreign currency translation

The consolidated financial statements of RBI were prepared in euro which is the functional currency of RBI AG. The functional currency is the currency of the principal economic environment in which the company operates. Each entity within the Group determines its own functional currency taking all factors listed in IAS 21 into account.

All financial statements of fully consolidated companies prepared in a functional currency other than euro were translated into the reporting currency euro employing the modified closing rate method in accordance with IAS 21. Equity was translated at its historical exchange rates while all other assets, liabilities and the notes were translated at the prevailing foreign exchange rates as of the reporting date. Differences arising from the translation of equity (historical exchange rates) are offset against retained earnings.

The income statement items were translated at the average exchange rates during the year calculated on the basis of month-end rates. Differences arising between the exchange rate as of the reporting date and the average exchange rate applied in the income statement were offset against equity (retained earnings). According to IAS 21, in cases of significantly fluctuating exchange rates, the transaction rate was used instead of the average rate.

Accumulated exchange differences are reclassified from the item exchange differences shown in other comprehensive income to the income statement under net income from deconsolidation, in the event of a disposal of a foreign business operation which leads to loss of control, joint management or significant influence over this business operation. In the case of one subsidiary headquartered in the euro area, the Russian ruble was the reporting currency for measurement purposes given the economic substance of the underlying transactions.

The following exchange rates were used for currency translation:

	2020		2019	
Rates in units per €	**As at 31/12**	**Average 1/1-31/12**	**As at 31/12**	**Average 1/1-31/12**
Albanian lek (ALL)	123.710	123.949	121.710	123.104
Belarusian ruble (BYN)	3.205	2.811	2.368	2.354
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)	7.552	7.536	7.440	7.420
Polish zloty (PLN)	4.560	4.452	4.257	4.299
Romanian leu (RON)	4.868	4.838	4.783	4.743
Russian ruble (RUB)	91.467	83.127	69.956	72.795
Serbian dinar (RSD)	117.480	117.530	117.430	117.776
Czech koruna (CZK)	26.242	26.414	25.408	25.664
Ukrainian hryvnia (UAH)	34.756	30.886	26.592	28.960
Hungarian forint (HUF)	363.890	352.242	330.530	325.385
US dollar (USD)	1.227	1.145	1.123	1.121

Notes to the income statement

(1) Net interest income

in € thousand	2020	2019
Interest income according to effective interest method	**3,887,571**	**4,412,702**
Financial assets - fair value through other comprehensive income	75,593	131,147
Financial assets - amortized cost	3,811,977	4,281,555
Interest income other	**607,229**	**636,841**
Financial assets - held for trading	191,590	382,314
Non-trading financial assets - mandatorily fair value through profit/loss	24,577	15,179
Financial assets - designated fair value through profit/loss	16,256	32,514
Derivatives – hedge accounting, interest rate risk	267,520	135,873
Other assets	7,260	15,212
Interest income on financial liabilities	100,026	55,749
Interest expenses	**(1,253,456)**	**(1,637,476)**
Financial liabilities - amortized cost	(793,771)	(1,008,921)
Financial liabilities - held for trading	(173,867)	(427,660)
Financial liabilities - designated fair value through profit/loss	(50,443)	(60,442)
Derivatives – hedge accounting, interest rate risk	(177,668)	(79,930)
Other liabilities	(8,495)	(6,293)
Interest expenses on financial assets	(49,212)	(54,231)
Total	**3,241,344**	**3,412,067**

Net interest income decreased – mainly due to currency effects – by € 170,723 thousand to € 3,241,344 thousand. Czech Republic posted the largest decline at € 64,555 thousand due to lower interest income from repo business and customer loans caused by key rate cuts. In Russia, the decline in net interest income of € 48,088 thousand was entirely due to currency effects, while a volume-driven increase of 7 per cent was achieved in local currency. In Belarus, lower market interest rates and higher refinancing costs in local currency resulted in a decrease in net interest income of € 20,568 thousand. In Ukraine, there was also a decline in net interest income of € 13,952 thousand due to key rate cuts. In Croatia, the decrease in net interest income of € 6,798 thousand was caused by lower interest rates, especially for corporate customers. Albania reported a decrease of € 4,219 thousand due to lower volumes and interest rates. In Bosnia and Herzegovina, net interest income fell € 4,414 thousand due to lower interest income from customer loans.

in € thousand	2020	2019
Net interest income	3,241,344	3,412,067
Average interest-bearing assets	150,912,378	139,998,909
Net interest margin in per cent	**2.15%**	**2.44%**

Net interest margin went down by 29 basis points due to an increased short-term investment volume and negative currency effects, especially in Eastern Europe. In addition, lower interest rates related to COVID-19 in several markets, which were mainly reflected in lower asset-side-margins, resulted in a decline in net interest margin.

(2) Dividend income

in € thousand	2020	2019
Financial assets - held for trading	146	865
Non-trading financial assets - mandatorily fair value through profit/loss	108	204
Financial assets - fair value through other comprehensive income	10,982	14,896
Investments in subsidiaries and associates	10,885	15,317
Total	**22,121**	**31,282**

Dividend income fell € 9,161 thousand to € 22,121 thousand. The item investments in subsidiaries and associates, which includes dividend income from subsidiaries not fully consolidated and associates not valued at equity, showed a decline of € 4,432 thousand. Lower income in Bulgaria and Group Corporates & Markets were primarily responsible for this decline. The item financial assets – fair value through other comprehensive income decreased by € 3,914 thousand, mainly due to distributions from investments in the Czech Republic in the previous year, while no dividends were paid in the reporting period.

(3) Current income from investments in associates

in € thousand	2020	2019
Current income from investments in associates	40,657	171,198

The decrease was attributable to Raiffeisen Informatik GmbH & Co KG, whose extraordinarily high current income of the previous year resulted from a valuation gain of and sales proceeds from a listed investment (SoftwareONE).

(4) Net fee and commission income

in € thousand	2020	2019
Clearing, settlement and payment services	701,184	756,579
Loan and guarantee business	201,842	217,565
Securities	63,586	65,294
Asset management	243,300	222,131
Custody	74,397	48,761
Customer resources distributed but not managed	36,424	44,652
Foreign exchange business	358,379	374,973
Other	58,759	66,549
Total	**1,737,872**	**1,796,503**

Net fee and commission income decreased € 58,631 thousand year-on-year to € 1,737,872 thousand. The main drivers were volume losses due to lockdowns triggered by the pandemic and currency devaluations. In contrast, asset management and custody business benefited from rising transactions and volumes.

Net income from clearing, settlement and payment services reduced by € 55,395 thousand to € 701,184 thousand, largely due to currency effects, the COVID-19 measures imposed and consequently lower customer activity in almost all countries, but most strongly in Russia, Croatia, Romania, and Hungary. In addition, the change in payment transaction regulations led to a decline in earnings in the Czech Republic and Bulgaria. Net income from foreign exchange business also decreased by € 16,594 thousand to € 358,379 thousand due to volume-related factors, primarily in Russia and Romania. Net income from loan and guarantee business fell € 15,722 thousand to € 201,842 thousand, with the largest decline at head office resulting from guarantee business and lower fees due to unused credit lines. In contrast, net income from custody business increased € 25,637 thousand to € 74,397 thousand due to higher volumes and income in Russia and at head office. Similarly, net income from asset management registered a volume-related increase of € 21,169 thousand to € 243,300 thousand at Raiffeisen Kapitalanlage-Gesellschaft m.b.H., in Valida Group and in Romania. In contrast, net income from customer resources distributed but not managed fell by € 8,228 thousand and other net income by € 7,790 thousand, primarily in Russia, as a result of lower volumes of insurance products, lower income from collection services, and from coin and banknote trading.

in € thousand	2020	2019
Fee and commission income	**2,532,039**	**2,636,605**
Clearing, settlement and payment services	1,147,633	1,260,771
Clearing and settlement	283,397	287,573
Credit cards	111,841	120,937
Debit cards and other card payments	257,957	281,490
Other payment services	494,437	570,770
Loan and guarantee business	229,458	247,328
Securities	124,294	112,020
Asset management	373,240	336,805
Custody	90,384	64,729
Customer resources distributed but not managed	68,494	76,657
Foreign exchange business	385,387	414,706
Other	113,149	123,589
Fee and commission expenses	**(794,167)**	**(840,102)**
Clearing, settlement and payment services	(446,449)	(504,192)
Clearing and settlement	(128,753)	(128,966)
Credit cards	(63,661)	(68,281)
Debit cards and other card payments	(116,796)	(119,580)
Other payment services	(137,240)	(187,365)
Loan and guarantee business	(27,616)	(29,763)
Securities	(60,708)	(46,726)
Asset management	(129,940)	(114,675)
Custody	(15,986)	(15,968)
Customer resources distributed but not managed	(32,070)	(32,005)
Foreign exchange business	(27,008)	(39,733)
Other	(54,390)	(57,040)
Total	**1,737,872**	**1,796,503**

(5) Net trading income and fair value result

in € thousand	2020	2019
Net gains/losses on financial assets and liabilities - held for trading	**81,050**	**(331,130)**
Derivatives	228,794	(327,794)
Equity instruments	(143,168)	(24,987)
Debt securities	39,407	43,842
Loans and advances	5,735	9,377
Short positions	(5,368)	(11,312)
Deposits	(41,697)	(36,128)
Debt securities issued	425	6,824
Other financial liabilities	(3,077)	9,048
Net gains/losses on non-trading financial assets - mandatorily fair value through profit or loss	**7,434**	**41,143**
Equity instruments	777	26,847
Debt securities	5,657	12,099
Loans and advances	1,000	2,198
Net gain/losses on financial assets and liabilities - designated fair value through profit/loss	**7,859**	**31,361**
Debt securities	(4,352)	19,232
Deposits	3,662	4,251
Debt securities issued	8,549	7,877
Exchange differences, net	**(2,651)**	**241,461**
Total	**93,693**	**(17,165)**

The net trading income and fair value result was up € 110,858 thousand year-on-year. This was in particular due to positive valuation effects – both interest rate and currency driven – shown in the derivatives item. In the comparable period of the previous year, valuation losses of € 30,739 thousand on the interest rate risk of certificates issued had a direct effect on net gains/losses from derivatives. In this context, economic hedges for interest rate risk were entered into in the second half of 2019. As a result, corresponding valuation losses in the reporting period were almost entirely neutralized. A further positive change resulted from the valuation of economic hedging relationships pertaining to a building society portfolio that had generated a loss of € 53,566 thousand in the comparable period of the previous year, but was incorporated into a hedge accounting relationship according to IAS 39 in the second quarter of 2019, which led to valuation changes being largely neutralized from then on. In addition, head office reported a positive change of € 26,528 thousand, mainly in connection with the valuation of interest rate and credit derivatives as well as loans and advances carried at market value.

In total, gains of € 228,794 thousand were recognized on derivatives in the reporting period in net gains/losses on financial assets and liabilities – held for trading (previous-year period: losses of € 327,794 thousand). Derivatives were used above all to hedge interest rate and currency risks. In the reporting period, the gains on derivatives were largely offset by losses on equity instruments held for trading, which posted a negative change of € 168,155 thousand due to market distortions resulting from the spread of COVID-19. In contrast, the high loss reported in the comparable period of the previous year was largely driven by changes in the Russian ruble exchange rate and in foreign currency exposures at head office, offsetting a significant portion of the (net) currency translation gains.

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

The € 26,070 thousand decrease in equity instruments – mandatorily fair value through profit/loss mainly resulted from a one-off effect in the comparable period of the previous year, during which a one-off gain was booked from the sale of equity instruments in Slovakia.

The changes of minus € 23,584 thousand in debt securities – designated fair value through profit/loss were primarily caused by valuation changes at head office as a result of movements in the interest rate environment and in credit spreads. These changes are set against opposite valuations of derivatives held for economic hedge purposes that are included in the net gains/losses on financial assets and liabilities – held for trading item.

(6) Net gains/losses from hedge accounting

in € thousand	2020	2019
Fair value changes of the hedging instruments	(125,019)	(48,137)
Fair value changes of the hedged items attributable to the hedged risk	124,195	51,314
Ineffectiveness of cash flow hedge recognized in profit or loss	403	(11)
Total	**(421)**	**3,166**

Net gains/losses from hedge accounting amounted to minus € 421 thousand (2019: € 3,166 thousand) in the reporting year. Despite the dynamic interest rate environment, hedging efficiency remains high. In order to counter fluctuations in interest rates, hedge accounting is increasingly being used at RBI.

The fair value changes of hedging instruments of minus € 125,019 thousand compared to € 48,137 thousand in the previous year and the fair value changes of the hedged items attributable to the hedged risk of € 124,195 thousand compared to € 51,314 thousand in the previous year were mainly attributable to Raiffeisen Bausparkasse Gesellschaft m.b.H. and the Czech Republic.

At Raiffeisen Bausparkasse Gesellschaft m.b.H., portfolio hedge accounting was introduced in the second quarter of 2019. The fair value changes of hedging instruments covered four quarters in 2020 with minus € 75,597 thousand and just three quarters in 2019 with minus € 42,065 thousand. The negative valuation effects of the hedging instruments were recognized in net trading income of Raiffeisen Bausparkasse Gesellschaft m.b.H. in the first quarter of 2019, as at the start of the year hedging was still economic and not under IAS 39 hedge accounting. The further devaluation of the hedging instruments in the reporting year 2020 was attributable to the negative trend in long-term interest rates and is reflected by the appreciation of the hedged loans.

At RBI, derivative financial instruments are used as hedging instruments for various types of hedge accounting. The current IBOR reform will replace existing benchmark interest rates (IBORs: interbank offered rates) by alternative risk-free interest rates. Currently some uncertainty about the timing and methods of this transition as well as about the continuation of certain benchmark interest rates can be observed.

Swap contracts in euros and US-dollars have already been changed to ESTR and SOFR. This transition had no material impact on the values of hedge accounting at RBI. In coordination with the IASB project Interest Rate Benchmark Reform, Phase 1, the prospective efficiency measurement of hedge relationships was calculated under the assumption that the expected cash flows will not be changed by the IBOR reform.

(7) Other net operating income

in € thousand	2020	2019
Income	327,585	381,909
Expenses	(267,803)	(303,611)
Total	**59,782**	**78,298**

in € thousand	2020	2019[1]
Gains/losses on derecognition of financial assets and liabilities - not measured at fair value through profit/loss	**(802)**	**36,221**
Debt securities	8,804	24,344
Loans and advances	(10,103)	11,867
Deposits	(4)	0
Debt securities issued	408	228
Other financial liabilities	92	(218)
Gains/losses on derecognition of non-financial assets held for sale	**2,014**	**(258)**
Investment property	(90)	5,603
Intangible fixed assets	(3,255)	(1,122)
Other assets	5,359	(4,738)
Net income arising from non-banking activities	**21,543**	**44,547**
Sales revenues from non-banking activities	89,514	132,857
Expenses from non-banking activities	(67,971)	(88,310)
Net income from additional leasing services	**15,919**	**15,750**
Revenues from additional leasing services	33,499	30,570
Expenses from additional leasing services	(17,580)	(14,820)
Net income from insurance contracts	**(3,626)**	**(6,323)**
Net rental income from investment property incl. operating lease (real estate)	**50,299**	**61,014**
Net rental income from investment property	14,944	19,131
Income from rental real estate	16,850	24,187
Expenses from rental real estate	(3,528)	(4,157)
Income from other operating lease	27,758	27,095
Expenses from other operating lease	(5,725)	(5,241)
Net expense from allocation and release of other provisions	**5,463**	**(20,803)**
Other non-income related taxes	**(57,535)**	**(68,873)**
Sundry operating income/expenses	**26,508**	**17,024**
Total	**59,782**	**78,298**

1 Previous-year figures adapted due to changed allocation

Other net operating income was down € 18,516 thousand year-on-year to € 59,782 thousand. The main reasons were declines in gains/losses from derecognition of financial assets, mainly at head office due to the sale of debt securities and loans (decrease: € 24,382 thousand) in the previous year and in Russia (decrease: € 10,138 thousand). Net income arising from non-banking activities declined € 23,004 thousand due to lower revenues from residential construction in the Raiffeisen Leasing Group. The net expense from allocation and release of other provisions improved due to the release of a provision for a legal case in Slovakia (€ 18,478 thousand), while provisions for legal cases in Romania and at head office had to be allocated in the previous year. The other non-income related taxes went down mainly at head office by € 6,191 thousand and in Hungary by € 4,896 thousand.

(8) General administrative expenses

in € thousand	2020	2019
Staff expenses	(1,565,507)	(1,610,041)
Other administrative expenses	(985,622)	(1,094,115)
Depreciation of tangible and intangible fixed assets	(397,496)	(388,910)
Total	**(2,948,625)**	**(3,093,066)**

General administrative expenses declined € 144,440 thousand year-on-year to € 2,948,625 thousand. Currency developments led to a decrease in general administrative expenses of € 113,111 thousand during the period under review, mainly due to the devaluation of the Belarus ruble of 19 per cent, the Russian ruble of 14 per cent and the Hungarian forint of 8 per cent (based on the average rate for the period).

Staff expenses

in € thousand	2020	2019
Wages and salaries	(1,197,522)	(1,227,517)
Social security costs and staff-related taxes	(273,657)	(276,396)
Other voluntary social expenses	(41,398)	(44,413)
Expenses for defined contribution pension plans	(11,568)	(17,134)
Expenses/income from defined benefit pension plans	(1,512)	(1,086)
Expenses for post-employment benefits	(13,691)	(7,119)
Expenses for other long-term employee benefits excl. deferred bonus program	(17,308)	(5,807)
Staff expenses under deferred bonus programm	(9,720)	(11,232)
Termination benefits	868	(19,457)
Total	**(1,565,507)**	**(1,610,041)**

Staff expenses decreased 3 per cent, or € 44,534 thousand, to € 1,565,507 thousand, the average headcount fell year-on-year by 828 full-time equivalents to 46,345 employees. The currency development in the Eastern European countries and COVID-19 related staff reductions as well as COVID-19 short-time work were responsible for the decrease. In addition, there was a positive effect of € 22,348 thousand at head office due to a restructuring provision for an optimization program built in the previous year. Regular salary adjustments provided a boost in some markets.

Expenses for severance payments and retirement benefits

in € thousand	2020	2019
Members of the management board and senior staff	(8,728)	(8,055)
Other employees	(22,397)	(55,161)
Total	**(31,124)**	**(63,216)**

The decrease of € 32,091 thousand to € 31,124 thousand derived mainly from head office due to a restructuring provision for an optimization program built in the previous year (€ 18,208 thousand). Members of the Management Board are subject in principle to the same regulations as apply to employees. These regulations provide for a basic contribution to a pension fund from the company and an additional contribution, if the employee pays own contributions of the same amount.

In the event of termination of function or employment contract and departure from the company, six members of the Management Board have entitlements under the Company Retirement Plan Act (Betriebliches Mitarbeitervorsorgegesetz). The entitlement to receive severance payments according to contractual agreements lapses in the case of termination by the employee.

Moreover, there is an individual pension commitment through a pension fund which is secured by reinsurance. The Management Board members' contracts either run for the duration of their term of office or are limited to a maximum of five years. In the event of early termination of a Management Board member's contract without good cause, the severance payment is limited to a maximum of two years' total annual remuneration (except for one member of the Management Board covered by previous contractual arrangements).

Other administrative expenses

in € thousand	2020	2019[1]
Office space expenses	(101,662)	(114,217)
IT expenses	(298,027)	(301,088)
Legal, advisory and consulting expenses	(117,868)	(126,825)
Advertising, PR and promotional expenses	(115,068)	(143,224)
Communication expenses	(64,085)	(57,941)
Office supplies	(23,545)	(28,337)
Car expenses	(9,417)	(12,044)
Deposit insurance fees	(93,138)	(109,521)
Security expenses	(42,869)	(49,719)
Traveling expenses	(4,519)	(17,012)
Training expenses for staff	(15,382)	(23,885)
Sundry administrative expenses	(100,041)	(110,302)
Total	**(985,622)**	**(1,094,115)**

1 Previous-year figures adapted due to changed allocation

Other administrative expenses fell 10 per cent, or € 108,492 thousand, to € 985,622 thousand. In addition to the devaluation of the Eastern European currencies, the main driver was the reduction of advertising expenses of € 28,156 thousand due to the COVID-19 pandemic, mainly at head office, in the Czech Republic, in Romania and Slovakia. There were further decreases in office space expenses of € 12,554 thousand, in traveling expenses of € 12,493 thousand, legal and consulting expenses of € 8,957 thousand and security expenses of € 6,850 thousand.

Deposit insurance fees decreased € 16,383 thousand with the reduction in Russia being a temporary measure in support of credit institutions during the pandemic. Due to the compensation payout for Commerzialbank Mattersburg im Burgenland AG and Anglo Austrian AAB AG depositors from the deposit insurance scheme (Einlagensicherung AUSTRIA Ges.m.b.H.) and the resulting reduction in scheme funds, RBI expects about € 5 million higher annual contribution payments to ensure the statutory target level from the deposit insurance scheme.

Legal, advisory and consulting expenses include fees for the auditors of RBI AG and its subsidiaries which comprise expenses for the audit of financial statements amounting to € 5,532 thousand (2019: € 5,737 thousand) and tax advisory as well as other additional consulting services amounting to € 1,862 thousand (2019: € 1,631 thousand). Thereof, € 2,414 thousand (2019: € 2,667 thousand) relates to the Group auditor for the audit of the financial statements and € 747 thousand (2019: € 767 thousand) relates to other consulting services.

Other administrative expenses included € 11,646 thousand for short-term leases and € 4,709 thousand for leases of low-value assets in accordance with IFRS 16.

Depreciation of tangible and intangible fixed assets

in € thousand	2020	2019
Tangible fixed assets	(230,166)	(227,303)
hereof right-of-use assets	(82,553)	(83,878)
Intangible fixed assets	(167,330)	(161,606)
Total	**(397,496)**	**(388,910)**

Depreciation of tangible and intangible fixed assets increased 2 per cent or € 8,586 thousand. The largest increases were reported at head office and in Hungary, mainly due to software capitalizations.

(9) Other result

in € thousand	2020	2019
Net modification gains/losses	**(40,836)**	**(1,940)**
Financial assets - amortized cost	(40,836)	(1,940)
Impairment or reversal of impairment on investments in subsidiaries and associates	**(62,002)**	**(98,066)**
Impairment on non-financial assets	**(47,353)**	**(59,281)**
Goodwill	(26,864)	0
Other	(20,489)	(59,281)
Result from non-current assets and disposal groups classified as held for sale and deconsolidation	**5,605**	**50,224**
Net income from non-current assets and disposal groups classified as held for sale	6,799	(1,824)
Result of deconsolidations	(1,194)	52,048
Tax expenses not attributable to the business activity	**(75)**	**(26,958)**
Credit-linked and portfolio-based provisions for litigation	**(60,146)**	**(83,009)**
Total	**(204,807)**	**(219,030)**

In the reporting period, losses from modification of contract conditions amounted to € 40,836 thousand, of which € 29,415 thousand resulted from COVID-19 measures (payment moratoriums and restructuring measures). Futher information can be found in chapter principles, section accounting policies related to COVID-19.

In the reporting period, impairment on investments in associates amounted to € 67,574 thousand (previous year period: € 96,147 thousand) and mainly concerned impairment on shares in UNIQA Insurance Group AG due to lower value in use (€ 48,618 thousand) and LEIPNIK-LUNDENBURGER INVEST Beteiligungs AG (€ 29,207 thousand), mostly due to the poorer economic outlook caused by COVID-19 pandemic. Further details can be found under (20) Investments in subsidiaries and associates.

At € 47,353 thousand, impairment on non-financial assets were lower by € 11,928 thousand. In the reporting period, the goodwill of Raiffeisen Kapitalanlage-Gesellschaft was impaired by € 26,864 thousand. The impairment was related to the poorer economic outlook caused by the COVID-19 pandemic, which on the statement of financial position side reduced the expected volume of growth of Raiffeisen Kapitalanlage-Gesellschaft in future years and thus the profit expectations due to the associated decline in the achievable fee and commission income. Raiffeisen KapitalanalgeGesellschaft`s reduced growth and profit prospects were accompanied by a reduction in the return on equity expected in the future. Impairment on other non-financial assets of € 20,489 thousand (previous year period: € 59,281 thousand) was made on real estate in Russia and Slovakia. In the previous year, impairment concerned real estate in Russia and Italy as well as software in the Czech Republic.

In the previous year, a provision of € 26,958 thousand for property transfer taxes in Germany was created. This resulted from changes in the ownership structures in previous years. These are related to the merger between Raiffeisen Zentralbank and Raiffeisen Bank International in 2017 and purchases of shares in Raiffeisen Leasing Group in 2012 and 2013. In the reporting period, the provision was slightly adapted.

The allocation to credit-linked provisions for litigation on a portfolio-based calculation amounted to € 60,146 thousand in the reporting period (previous year period: € 83,009 thousand). Poland reported an allocation of € 43,656 thousand (previous year period: € 48,827 thousand) and Croatia of € 13,547 thousand (previous year period: € 19,904 thousand) regarding pending legal issues relating to mortgage loans denominated or linked to foreign currencies. The allocation in Poland was the result of parameter updates for the calculation model. In Romania, the allocation to credit-linked and portfolio-based provisions for litigation regarding proceedings with Consumer Protection Authority related to an alleged misuse of credit terms amounted to € 2,943 thousand after € 14,278 thousand in the previous year.

The result of deconsolidation amounted to € 1,194 thousand in the reporting period after € 52,048 thousand in the previous year (positive effects from the sale of real estate in Slovakia of € 49,812 thousand and in the Czech Republic of € 8,198 thousand). In the reporting period, four subsidiaries were excluded from the consolidated group due to immateriality and one subsidiary was sold.

Details are shown under (69) Group composition.

(10) Levies and special governmental measures

in € thousand	2020	2019
Bank levies	(103,101)	(109,760)
Profit/loss from banking business due to governmental measures	0	(3,390)
Resolution fund	(75,495)	(49,344)
Total	**(178,597)**	**(162,494)**

Bank levies affected Austria with the fourth and last part of an one-off payment of € 40,750 thousand as well as current payments of € 18,596 thousand (2019: € 57,080 thousand in total), Hungary of € 12,842 thousand (2019: € 12,708 thousand), Slovakia of € 25,550 thousand (2019: € 23,881 thousand) and Poland of € 5,364 thousand (2019: € 6,200 thousand). The bank levy in Slovakia was abolished for the second half of 2020 at the end of June. At the beginning of 2020, the bank levy was doubled (increase from 0.2 per cent to 0.4 per cent of the assessment basis). In Romania, the bank levy was introduced for the first time in 2019 leading to a payment of € 9,908 thousand. In 2020, the bank levy was abolished again.

The contributions to the resolution fund, which had to be booked entirely at the beginning of the year, increased € 26,152 thousand to € 75,495 thousand. The increase was due to higher contributions, mainly at head office, in Bulgaria, Romania and the Czech Republic. At head office, the increase resulted from a volume-driven higher assessment basis and an additional payment of € 15,912 thousand.

(11) Impairment losses on financial assets

in € thousand	2020	2019
Loans and advances	(608,542)	(192,660)
Debt securities	(7,556)	577
Loan commitments, financial guarantees and other commitments given	(13,478)	(41,891)
Total	**(629,576)**	**(233,974)**
hereof financial assets - fair value through other comprehensive income	(2,598)	397
hereof financial assets - amortized cost	(613,500)	(192,480)

Impairment losses on loans and advances and debt securities rose year-on-year by € 424,016 thousand to € 616,098 thousand. Of this, € 314,838 thousand was accounted for loans to non-financial corporations and € 255,483 thousand for loans to households. Compared to the previous year, however, impairment on loan commitments, financial guarantees and other commitments decreased € 28,413 thousand to € 13,478 thousand.

Due to COVID-19 pandemic adjustments of € 282,075 thousand were booked, with non-financial coporations accounting for € 235,882 thousand and households for € 46,193 thousand. The increased impairments were primarily due to post-model adjustments (€ 262,507 thousand) and adjustments to forward-looking information (€ 19,568 thousand).

In the reporting period, net allocation to impairment losses in Stage 1 and 2 amounted to € 314,569 thousand, representing an increase of € 300,998 thousand. The industries most affected were tourism, hotel business, other related industries, automotive industry, air travel, oil & gas, real estate and several consumer good industries. This resulted in higher impairments on loans to non-financial corporations of € 176,258 thousand, predominantly in Austria (€ 54,536 thousand), Hungary (€ 23,603 thousand), Slovakia (€ 18,864 thousand), in the Czech Republic (€ 15,834 thousand) and in Bulgaria (€ 14,425 thousand), as well as on loans to households of € 103,316 thousand, primarily in Romania (€ 34,596 thousand), in the Czech Republic (€ 13,172 thousand), in Hungary (€ 12,421 thousand), Poland (€ 12,208 thousand), Bulgaria (€ 6,154 thousand) and Serbia (€ 5,101 thousand).

In Stage 3 (defaulted loans), net impairments of € 301,529 thousand were allocated (2019: € 178,512 thousand). This included € 152,167 thousand for households, primarily in Russia (€ 72,756 thousand), Romania (€ 22,977 thousand) and Slovakia (€ 16,896 thousand), as well as € 138,580 thousand for non-financial corporations, predominantly in Austria (€ 50,270 thousand), Russia (€ 30,881 thousand), in the Czech Republic (€ 30,754 thousand) and in Slovakia (€ 25,692 thousand).

Further details are shown under (38) Development of impairments.

(12) Income taxes

in € thousand	2020	2019
Current income taxes	(305,536)	(456,978)
Austria	(36,114)	(11,206)
Foreign	(269,422)	(445,772)
Deferred taxes	(18,300)	54,792
Total	**(323,836)**	**(402,186)**

The reduction in income taxes of € 78,351 thousand was attributable to lower profits in all countries, mainly to decreases of € 22,484 thousand in Russia, € 16,572 thousand in the Czech Republic, € 8,486 thousand in Romania and € 8,073 thousand in Ukraine. In addition, there was an impairment on deferred tax assets of € 25,060 thousand in Poland in the previous year since no usability was to be expected from the medium-term tax planning. Moreover, the RBI group tax allocation to non-consolidated group members increased € 5,533 thousand. In contrast, withholding taxes at head office rose € 18,000 thousand due to increased dividend income mainly from Russia.

The effective tax rate increased 3.5 percentage points to 26.3 per cent. This was due to the lower profit contribution from head office, among other things due to impairments on loans, on companies valued at equity and on the goodwill of Raiffeisen Kapitalanlage-Gesellschaft.

The following reconciliation shows the relationship between profit/loss before tax and the effective tax burden:

in € thousand	2020	2019
Profit/loss before tax	**1,233,442**	**1,766,786**
Theoretical income tax expense in the financial year based on the domestic income tax rate of 25 per cent	**(308,360)**	**(441,697)**
Effect of divergent foreign tax rates	103,742	137,103
Tax decrease because of tax-exempted income from equity participations and other income	42,521	86,658
Tax increase because of non-deductible expenses	(57,676)	(97,608)
Impairment on loss carry forwards	(5,001)	(31,684)
Non-recognized taxes from net investment hedge	(45,698)	12,772
Non-recognized taxes from impairments on companies valued at equity	(16,893)	(24,037)
Non-recognized taxes from impairments on goodwill	(6,716)	0
Other changes	(29,754)	(43,693)
Effective tax burden	**(323,836)**	**(402,186)**
Tax rate in per cent	**26.3%**	**22.8%**

The item impairment on loss carry forwards improved mainly due to the impairment on deferred tax assets in Poland of € 25,060 thousand in the previous year. Other large effects resulted from non-recognized deferred taxes arising from net investment hedge of € 45,698 thousand (2019: € 12,772 thousand), non-recognized deferred taxes arising from impairments on companies valued at equity of € 16,893 thousand (2019: minus € 24,037 thousand) and on the goodwill of Raiffeisen Kapitalanlage-Gesellschaft of minus € 6,716 thousand. These deferred taxes were not capitalized because the updated medium-term tax planning did not provide usability.

Information on current and open tax proceedings can be found under (55) Pending legal issues. Furthermore, there are no material tax interpretations that would require disclosure within the meaning of IFRIC 23.

Notes to the statement of financial position

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

in € thousand	2020	2019
Cash in hand	5,673,852	4,527,879
Balances at central banks	21,648,065	14,394,890
Other demand deposits at banks	6,338,107	5,366,496
Total	**33,660,024**	**24,289,265**

The increase in balances at central banks was primarily attributable to deposits made for liquidity management reasons and the minimum reserve. The minimum reserve, which is not freely available, amounted to € 234,699 thousand on the reporting date (2019: € 283,550 thousand).

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

This item also included € 194,116 thousand (2019: € 157,430 thousand) in cash securities, mainly for borrowed securities.

(14) Financial assets – amortized cost

in € thousand	2020 Gross carrying amount	2020 Accumulated impairment	2020 Carrying amount	2019 Gross carrying amount	2019 Accumulated impairment	2019 Carrying amount
Debt securities	**14,383,464**	**(12,260)**	**14,371,204**	**9,981,377**	**(8,202)**	**9,973,175**
Central banks	1,213,449	(35)	1,213,414	1,497,038	(109)	1,496,930
General governments	10,565,707	(6,482)	10,559,225	6,453,822	(1,658)	6,452,163
Banks	1,761,203	(275)	1,760,929	1,096,739	(85)	1,096,655
Other financial corporations	596,810	(4,898)	591,912	558,136	(3,322)	554,815
Non-financial corporations	246,295	(571)	245,724	375,641	(3,028)	372,613
Loans and advances	**104,779,894**	**(2,555,030)**	**102,224,864**	**102,625,739**	**(2,313,855)**	**100,311,884**
Central banks	6,761,877	(10)	6,761,867	4,602,195	(9)	4,602,186
General governments	2,116,420	(4,357)	2,112,063	1,196,070	(4,590)	1,191,480
Banks	5,192,297	(3,544)	5,188,753	4,836,988	(4,128)	4,832,860
Other financial corporations	9,277,484	(72,527)	9,204,957	9,838,410	(43,473)	9,794,937
Non-financial corporations	46,169,871	(1,313,867)	44,856,004	46,470,170	(1,179,326)	45,290,844
Households	35,261,944	(1,160,724)	34,101,220	35,681,906	(1,082,329)	34,599,577
Total	**119,163,358**	**(2,567,290)**	**116,596,068**	**112,607,116**	**(2,322,057)**	**110,285,060**

The carrying amount of financial assets – amortized cost rose € 6,311,008 thousand compared to year-end 2019. The increase in debt securities of € 4,398,028 thousand mainly resulted from purchases of government bonds at head office and in Slovakia and the Czech Republic. The loan book also increased € 1,912,980 thousand despite large currency depreciations. The rise in short-term lending (up € 2,846,176 thousand) was primarily attributable to head office and Hungary. This increase made up for the decrease in loans to non-financial corporations of € 434,840 thousand and in loans and advances to households of € 498,357 thousand. The decline in loans to non-financial corporations was primarily attributable to the depreciation of the Russian ruble in Russia (down € 1,157,179 thousand) and the Ukrainian hryvnia in Ukraine (down € 381,322 thousand). The head office, in contrast, reported an increase of € 880,799 thousand, mainly from project and real estate financing, while Slovakia recorded an increase of € 124,238 thousand, primarily from real estate financing. Loans and advances to households declined the most in Russia (down € 948,904 thousand) due to currency factors, although this item increased in local currency terms. This item did, however, increase € 335,732 thousand at Raiffeisen Bausparkasse Gesellschaft m.b.H. and € 224,068 thousand in Slovakia. Loans and advances to households increased in local currency terms in almost all markets.

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

in € thousand	2020 Gross carrying amount[1]	2020 Accumulated impairment	2020 Carrying amount	2019 Gross carrying amount[1]	2019 Accumulated impairment	2019 Carrying amount
Equity instruments	**157,475**	**–**	**157,475**	**228,616**	**–**	**228,616**
Banks	15,145	–	15,145	26,050	–	26,050
Other financial corporations	80,270	–	80,270	130,149	–	130,149
Non-financial corporations	62,059	–	62,059	72,416	–	72,416
Debt securities	**4,615,934**	**(4,223)**	**4,611,711**	**4,555,355**	**(2,615)**	**4,552,740**
General governments	3,205,316	(2,993)	3,202,324	3,092,729	(2,202)	3,090,527
Banks	916,718	(55)	916,663	1,175,588	(76)	1,175,512
Other financial corporations	302,780	(15)	302,766	141,787	(27)	141,761
Non-financial corporations	191,120	(1,160)	189,959	145,252	(311)	144,941
Total	**4,773,409**	**(4,223)**	**4,769,186**	**4,783,971**	**(2,615)**	**4,781,356**

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

The carrying amount of financial assets – fair value through other comprehensive income decreased € 12,170 thousand compared to year-end 2019. The decrease was chiefly caused by the sale of part of the portfolio in Slovakia, sales of debt securities in Hungary and Croatia and the reclassification of Visa C preferred shares as non-trading financial assets – mandatorily at fair value through profit/loss, although there was a countervailing effect from the increase in debt securities in Romania and Russia.

The item equity instruments in financial assets – fair value through other comprehensive income comprised the following items:

in € thousand	2020	2019
Visa Inc., San Francisco (US), Class C Common Stock and Series C Preferred Shares	–	58,530
Visa Inc., San Francisco (US), Class A Preferred Stock	23,067	12,530
CEESEG Aktiengesellschaft, Wien (AT), ordinary shares	30,045	23,414
Medicur - Holding Gesellschaft m.b.H., Wien (AT), company shares	22,437	21,590
DZ BANK AG, Frankfurt am Main (DE), Deutsche Zentral-Genossenschaftsbank, ordinary shares	12,047	12,816
PSA Payment Services Austria GmbH, Wien (AT), company shares	4,219	9,260
Other	65,661	90,475
Total	**157,475**	**228,616**

The dividends paid on equity instruments – fair value through other comprehensive income amounted to € 10,982 thousand (2019: € 14,896 thousand).

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

in € thousand	2020	2019
Equity instruments	**1,131**	**1,128**
Banks	97	97
Other financial corporations	975	989
Non-financial corporations	59	41
Debt securities	**422,350**	**447,425**
General governments	275,426	239,253
Banks	18,274	19,503
Other financial corporations	115,096	187,402
Non-financial corporations	13,554	1,268
Loans and advances	**398,214**	**327,384**
General governments	1,954	3,375
Banks	1,723	0
Other financial corporations	33,776	48,389
Non-financial corporations	94,640	83,048
Households	266,121	192,571
Total	**821,695**	**775,937**

Non-trading financial assets – mandatorily at fair value through profit/loss increased € 45,758 thousand largely due to an increase in the government-sponsored lending program in Hungary and in debt securities in Russia; this increase was reduced primarily by fund sales of Valida Group and Raiffeisen Bausparkasse Gesellschaft m.b.H.

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

in € thousand	2020	2019
Debt securities	**457,167**	**2,275,832**
General governments	295,215	1,903,494
Banks	31,121	258,767
Other financial corporations	1	1
Non-financial corporations	130,829	113,569
Total	**457,167**	**2,275,832**

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

(18) Financial assets – held for trading

in € thousand	2020	2019
Derivatives	**2,101,786**	**1,894,464**
Interest rate contracts	1,341,516	1,244,574
Equity contracts	134,466	179,840
Foreign exchange rate and gold contracts	611,741	458,269
Credit contracts	10,503	5,446
Commodities	3,161	5,142
Other	399	1,193
Equity instruments	**226,871**	**426,545**
Banks	25,561	103,887
Other financial corporations	85,000	111,326
Non-financial corporations	116,310	211,331
Debt securities	**2,071,093**	**1,861,363**
Central banks	0	7,480
General governments	1,567,937	1,049,285
Banks	260,316	510,663
Other financial corporations	109,126	179,213
Non-financial corporations	133,714	114,723
Total	**4,399,750**	**4,182,372**

Securities under financial assets – held for trading provided as collateral, which the recipient is entitled to sell or pledge, amounted to € 50,836 thousand (2019: € 125,789 thousand).

Details on derivatives are shown under (46) Derivative financial instruments.

(19) Hedge accounting

in € thousand	2020	2019
Positive fair values of derivatives in micro fair value hedge	**212,151**	**278,154**
Interest rate contracts	210,107	270,442
Foreign exchange rate and gold contracts	2,044	7,712
Positive fair values of derivatives in micro cash flow hedge	**0**	**5,120**
Interest rate contracts	0	5,120
Positive fair values of derivatives in net investment hedge	**38,800**	**0**
Positive fair values of derivatives in portfolio hedge	**151,856**	**118,790**
Cash flow hedge	23,667	7,071
Fair value hedge	128,190	111,719
Fair value adjustments of the hedged items in portfolio hedge of interest rate risk	**160,612**	**(4,909)**
Total	**563,420**	**397,155**

The carrying amount of the item positive fair value adjustments of the hedged items in portfolio hedge of interest rate risk changed year-on-year from minus € 4,909 thousand to € 160,612 thousand. This increase was primarily the result of the further increase in value of the loans and advances in the portfolio hedge of Raiffeisen Bausparkasse Gesellschaft m.b.H. (up € 69,819 thousand) and the decrease in interest rates in the Czech Republic for fixed-rate loans in portfolio fair value hedges (up € 93,098 thousand).

The change in the item positive fair values of derivatives in net investment hedge is caused by the depreciation of the Russian ruble.

(20) Investments in subsidiaries and associates

in € thousand	2020	2019
Investments in affiliated companies	254,249	270,134
Investments in associates valued at equity	747,861	836,406
Total	**1,002,110**	**1,106,539**

Because of their minor importance in giving a view of the Group's assets, financial and earnings position, 290 subsidiaries (2019: 309) were not included in the consolidated financial statements.

Investments in associates valued at equity are as follows:

in € thousand	Share in % 2020	Carrying amount 2020	Carrying amount 2019
card complete Service Bank AG, Vienna (AT)	25.0%	10,360	13,631
EMCOM Beteiligungs GmbH, Vienna (AT)	33.6%	6,745	7,289
LEIPNIK-LUNDENBURGER INVEST Beteiligungs Aktiengesellschaft, Vienna (AT)	33.1%	168,285	197,455
NOTARTREUHANDBANK AG, Vienna (AT)	26.0%	12,057	10,756
Oesterreichische Kontrollbank Aktiengesellschaft, Vienna (AT)	8.1%	54,087	48,223
Österreichische Hotel- und Tourismusbank Gesellschaft m.b.H., Vienna (AT)	31.3%	12,470	10,980
Posojilnica Bank eGen, Klagenfurt (AT)	48.6%	9,708	13,334
Prva stavebna sporitelna a.s., Bratislava (SK)	32.5%	44,354	43,819
Raiffeisen Informatik GmbH & Co KG, Vienna (AT)	47.6%	133,042	147,076
Raiffeisen-Leasing Management GmbH, Vienna (AT)	50.0%	13,246	13,125
UNIQA Insurance Group AG, Vienna (AT)	10.9%	283,507	330,718
Total		**747,861**	**836,406**

The carrying amount of investments in associates valued at equity decreased from € 836,406 thousand to € 747,861 thousand. The decreases relating to card complete Service Bank AG, LEIPNIK-LUNDENBURGER INVEST Beteiligungs Aktiengesellschaft and UNIQA Insurance Group AG are mainly due to the pandemic and its economic effects.

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

Financial information on associates valued at equity is as follows:

2020 in € thousand	CCSB	EMCOM	LLI[1]	NTB	OeKB[2] 31/12/2019	OEHT
Assets	507,116	20,080	1,148,401	2,693,872	33,352,322	1,103,754
Operating income	3,069	1	41,677	14,242	66,857	9,112
Profit/loss from continuing operations	(13,083)	(6)	41,344	4,889	51,446	6,239
Profit/loss after tax from discontinued operations	0	0	0	0	0	0
Other comprehensive income	0	0	(12,067)	0	(12,734)	0
Total comprehensive income	**(13,083)**	**(6)**	**29,277**	**4,889**	**38,712**	**6,239**
Attributable to non-controlling interests	0	0	742	0	806	0
Attributable to investee's shareholders	0	0	27,792	0	37,100	0
Current assets	500,278	20,080	293,052	1,369,718	10,256,266	19,294
Non-current assets	6,838	0	855,349	1,324,153	23,096,056	1,084,461
Short-term liabilities	(439,684)	0	(288,258)	(2,497,150)	(11,586,234)	(17)
Long-term liabilities	(25,992)	(5)	(399,507)	(150,347)	(20,958,545)	(1,063,834)
Net assets	**41,440**	**20,076**	**460,635**	**46,374**	**807,543**	**39,904**
Attributable to non-controlling interests	0	0	7,559	0	11,687	0
Attributable to investee's shareholders	0	0	453,077	0	795,856	0
Group's interest in net assets of investee as at 1/1	**13,631**	**7,289**	**149,750**	**10,756**	**64,237**	**10,980**
Change in share	0	0	0	0	0	0
Total comprehensive income attributable to the Group	(3,271)	(2)	6,509	1,301	3,650	1,958
Dividends received	0	(541)	(6,471)	0	(2,657)	(469)
Share in the capital increase	0	0	0	0	0	0
Group's interest in net assets of investee as at 31/12	**10,360**	**6,745**	**149,787**	**12,057**	**65,231**	**12,470**
Goodwill	0	0	18,498	0	0	0
Accumulated impairment	0	0	0	0	(11,144)	0
Other adaptations	0	0	0	0	0	0
Carrying amount	**10,360**	**6,745**	**168,285**	**12,057**	**54,087**	**12,470**

1 Consolidated financial statements: Profit and equity is after deduction of non-controlling interests.
2 Values as at 31 December 2019 since more recent data is not available
CCSB: card complete Service Bank AG, Vienna (AT)
EMCOM: EMCOM Beteiligungs GmbH, Vienna (AT)
LLI: LEIPNIK-LUNDENBURGER INVEST Beteiligungs Aktiengesellschaft, Vienna (AT)
NTB: NOTARTREUHANDBANK AG, Vienna (AT)
OeKB: Oesterreichische Kontrollbank Aktiengesellschaft, Vienna (AT)
OEHT: Österreichische Hotel- und Tourismusbank Gesellschaft m.b.H., Vienna (AT)

2020 in € thousand	POSO	PSS	RIZ[1]	R-Leasing	UNIQA[1, 2] 30/9/2020
Assets	429,181	2,983,950	536,897	52,627	29,480,389
Operating income	(1,173)	108,072	21,561	7,019	262,036
Profit/loss from continuing operations	19	8,196	21,011	5,330	170,706
Profit/loss after tax from discontinued operations	0	0	0	0	0
Other comprehensive income	31	(335)	1,020	0	(54,434)
Total comprehensive income	**50**	**7,861**	**22,031**	**5,330**	**116,272**
Attributable to non-controlling interests	0	0	0	0	1,048
Attributable to investee's shareholders	0	0	22,031	5,330	114,177
Current assets	136,476	569,725	366,904	51,188	2,263,331
Non-current assets	292,705	2,414,226	169,993	1,438	27,217,058
Short-term liabilities	(160,758)	(663,913)	(82,253)	(20,825)	(1,274,480)
Long-term liabilities	(228,254)	(2,053,330)	(116,046)	0	(24,725,902)
Net assets	**40,170**	**266,708**	**338,598**	**31,802**	**3,480,007**
Attributable to non-controlling interests	0	0	0	0	17,768
Attributable to investee's shareholders	0	0	0	31,802	3,462,238
Group's interest in net assets of investee as at 1/1	**25,043**	**83,933**	**183,272**	**13,236**	**374,607**
Change in share	(5,529)	0	0	0	0
Total comprehensive income attributable to the Group	(12)	2,747	11,030	2,665	7,430
Dividends received	0	0	(33,287)	0	(6,023)
Share in the capital increase	0	0	0	0	0
Group's interest in net assets of investee as at 31/12	**19,503**	**86,680**	**161,015**	**15,901**	**376,014**
Goodwill	0	0	0	0	0
Accumulated impairment	(9,795)	(42,326)	(27,973)	(2,655)	(92,508)
Other adaptations	0	0	0	0	0
Carrying amount	**9,707**	**44,354**	**133,042**	**13,246**	**283,506**

1 Consolidated financial statements: Profit and equity is after deduction of non-controlling interests.
2 Figures as at 30 September 2020 because UNIQA is a listed company and has not yet published its full 2020 consolidated financial statements. Fair value of the shares held and based on stock exchange price as at 31 December 2020 amounted to € 215,015 thousand (2019: € 305,557 thousand).
POSO: Posojilnica Bank eGen, Klagenfurt (AT)
PSS: Prva stavebna sporitelna a.s., Bratislava (SK)
RIZ: Raiffeisen Informatik GmbH & Co KG, Vienna (AT)
R-Leasing: Raiffeisen-Leasing Management GmbH, Vienna (AT)
UNIQA: UNIQA Insurance Group AG, Vienna (AT)

Impairment test for companies valued at equity

At the end of each reporting period an assessment is made whether there is any indication that the carrying amount of an equity investment is higher than its recoverable amount. IAS 36 has a list of external and internal indicators of impairment. If there is an indication that a company valued at equity may be impaired, then the asset's recoverable amount is calculated. The following key assumptions have been made for the impairment test:

	2020			2019		
Cash generating units	**OeKB**	**PSS**	**UNIQA**	**OeKB**	**PSS**	**UNIQA**
Average discount interest rate (after tax)	6.2%	7.5%	9.1%	6.8%	8.0%	7.9%
Planning period	3 years	5 years	5 years	3 years	5 years	5 years

OeKB: Oesterreichische Kontrollbank Aktiengesellschaft, Vienna (AT)
PSS: Prva stavebna sporitelna a.s., Bratislava (SK)
UNIQA: UNIQA Insurance Group AG, Vienna (AT)

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The following table provides a summary of significant planning assumptions and a description of the management approach to identify the values that are assigned to each significant assumption under consideration of a risk assessment.

Cash generating units	Significant assumptions	Management approach	Risk assumption
LEIPNIK-LUNDENBURGER INVEST Beteiligungs Aktiengesellschaft (LLI)	In the two core areas of milling and vending (hot and cold beverages and food from vending machines), the LLI companies are market leaders in Austria and in some EU countries (Eastern Europe and Germany). The group is growing continuously - both through the expansion of existing subsidiaries and through acquisitions.	Planning assumptions reflect actual external framework conditions and were approved by the Supervisory Board.	The planning includes adjustments of the business strategy to the changed framework conditions, such as further specializations, digitalization, and the development of new products.
Oesterreichische Kontrollbank Aktiengesellschaft (OeKB)	OeKB fulfills two essential functions for the Austrian export industry. Firstly, it is the Republic of Austria's export credit agency. In this capacity, OeKB assumes guarantees for export transactions and provides export finance via domestic and foreign banks. Secondly, it is an issuer on the capital market. In this capacity, OeKB refinances export loans by issuing debt obligations guaranteed by the Republic of Austria. Its main subsidiaries are Österreichische Hotel- und Tourismusbank (ÖHT) and Oesterreichische Entwicklungsbank (OeEB).	Planning assumptions take into account the development of volumes in export finance and show net loan expansion to continue leveling off in subsequent years. From 2022, a decrease is assumed due to the expiry of the special Kontrollbank Credit Line (KRR) framework credit. OeKB also assumes a stable, low interest rate level. The current planning assumptions were approved as such by the Supervisory Board.	Risk policy is geared to securing a stable return on equity based on a conservative approach to business and operational risks. This is ensured by having an integrated risk management framework installed whose individual components are closely interlinked. Material risks are specified as market, credit, business and operational risk. Market risk is hedged, for example, by using derivatives – mainly swaps – to improve borrowing terms in the money and capital market and to hedge and manage cash flows. Credit risk is limited by strict internal requirements as to the creditworthiness of counterparties (minimum rating).
Prva stavebna sporitelna a.s. (PSS)	Prva stavebna sporitelna a.s. has operated building society business in the Slovak market since 1992. It has a 73 per cent market share.	Planning assumptions reflect current external framework conditions and were approved by the Supervisory Board.	As it is exclusively engaged in building society business, the bank is exposed to lower credit risk than other credit institutions. Such risk is primarily reduced by a strict collateralization policy. The bank tax that had been introduced in Slovakia was abolished again in the course of 2020. The low-interest phase has been used so far to actually increase net interest income by strict adjustments to deposit rates. This remains the case in the planning.
UNIQA Insurance Group AG (UNIQA=	The UNIQA Group is one of the leading insurance groups in its core markets of Austria and CEE. The group has approximately 40 companies in 18 countries and serves about 15.5 million customers. The Brand UNIQA and Raiffeisen Versicherung are two strong insurance brands in Austria and are well positioned in the CEE markets.	Planning assumptions reflect actual external framework conditions and were approved by the Supervisory Board.	The new strategy UNIQA 3.0 is a positive response to the challenges arising along megatrends such as: low interest rates and the shift of economic power, demographic and social change, innovation and digitalization, climate change. The core markets remain Austria and CEE. UNIQA will invest in IT, digitalization and innovation. There will be a customer-focused Group reorganization and cost cuts in Austria.

Sensitivity analysis

The recoverable amount was the same as the carrying amount based on the latest impairment tests of UNIQA Insurance Group AG, Prva stavebna sporitelna a.s. and Oesterreichische Kontrollbank Aktiengesellschaft. This means that changes in the valuations of these companies could result in changes to the carrying amount. If a reasonable possible downside scenario were to occur, the carrying amount of Oesterreichischen Kontrollbank Aktiengesellschaft would fall 13.2 per cent to € 46,810 thousand, Prva stavebna sporitelna a.s. 14.4 per cent to € 37,960 thousand and UNIQA Insurance Group AG 3.3 per cent to € 274,100 thousand.

A reasonable possible downside scenario would not materially impair the valuation of Raiffeisen Informatik GmbH & Co KG since most of this company's assets consist of cash, which is not sensitive to changes in planning assumptions.

(21) Tangible and intangible fixed assets

in € thousand	2020	2019
Tangible fixed assets	**1,683,960**	**1,828,929**
Land and buildings used by the group for own purpose	531,159	609,291
Office furniture, equipment and other tangible fixed assets	326,561	329,587
Investment property	289,906	301,137
Other leased assets (operating lease)	89,547	132,676
Right-of-use assets	446,787	456,237
Intangible fixed assets	**763,097**	**757,435**
Software	674,407	636,045
Goodwill	73,179	101,324
Brand	7,630	9,972
Customer relationships	1,387	2,720
Other intangible fixed assets	6,494	7,374
Total	**2,447,057**	**2,586,363**

The fair value of investment property was € 391,916 thousand (2019: € 331,243 thousand).

Brand rights were only recognized for Raiffeisen Bank Aval JSC. The carrying value of the brand was € 7,630 thousand (2019: € 9,972 thousand) and the cumulative impairment loss € 13,565 thousand (2019: € 17,730 thousand). The change was entirely due to currency movements of the Ukrainian hryvnia.

Tangible and intangible fixed assets developed as follows:

	Cost of acquisition or conversion						
in € thousand	As at 1/1/2020	Change in consolidated group	Exchange differences	Additions	Disposals	Transfers	As at 31/12/2020
Tangible fixed assets	**3,334,938**	**2,300**	**(215,916)**	**309,913**	**(206,031)**	**579**	**3,225,784**
Land and buildings used by the group for own purpose	1,062,864	(7)	(71,572)	22,266	(27,302)	1,190	987,440
Office furniture, equipment and other tangible fixed assets	1,012,881	2,786	(98,025)	135,692	(74,763)	38	978,609
Investment property	490,833	102	(12,451)	15,450	(36,012)	9,113	467,034
Other leased assets (operating lease)	228,752	(542)	(3,399)	25,899	(48,818)	(9,731)	192,160
Right-of-use assets	539,609	(38)	(30,468)	110,606	(19,136)	(31)	600,541
Intangible fixed assets	**2,574,430**	**14,318**	**(185,596)**	**236,100**	**(57,048)**	**(610)**	**2,581,594**
Software	2,011,419	14,243	(113,005)	235,560	(55,950)	(535)	2,091,732
Goodwill	480,648	0	(61,030)	0	0	0	419,617
Brand	27,702	0	(6,507)	0	0	0	21,195
Customer relationships	17,925	0	(4,210)	0	0	0	13,715
Other intangible fixed assets	36,736	76	(843)	540	(1,097)	(76)	35,336
Total	**5,909,368**	**16,618**	**(401,511)**	**546,013**	**(263,079)**	**(31)**	**5,807,378**

in € thousand	Write-ups, amortization, depreciation, impairment Cumulative	hereof write-ups	hereof depreciation/impairment	Carrying amount As at 31/12/2020
Tangible fixed assets	**(1,541,824)**	**803**	**(248,272)**	**1,683,960**
Land and buildings used by the group for own purpose	(456,280)	802	(45,395)	531,159
Office furniture, equipment and other tangible fixed assets	(652,047)	0	(90,112)	326,561
Investment property	(177,128)	0	(12,685)	289,906
Other leased assets (operating lease)	(102,614)	1	(17,321)	89,547
Right-of-use assets	(153,754)	0	(82,758)	446,787
Intangible fixed assets	**(1,818,497)**	**152**	**(195,436)**	**763,097**
Software	(1,417,325)	152	(167,205)	674,407
Goodwill	(346,438)	0	(26,864)	73,179
Brand	(13,565)	0	0	7,630
Customer relationships	(12,327)	0	(781)	1,387
Other intangible fixed assets	(28,842)	0	(587)	6,494
Total	**(3,360,321)**	**955**	**(443,709)**	**2,447,057**

in € thousand	Cost of acquisition or conversion As at 1/1/2019	Change in consolidated group	Exchange differences	Additions	Disposals	Transfers	As at 31/12/2019
Tangible fixed assets	**3,216,324**	**(69,558)**	**80,472**	**284,409**	**(176,544)**	**(166)**	**3,334,938**
Land and buildings used by the group for own purpose	1,005,756	(44,779)	29,919	42,183	(21,652)	51,438	1,062,864
Office furniture, equipment and other tangible fixed assets	919,157	(3,917)	38,611	137,196	(88,307)	10,140	1,012,881
Investment property	556,677	(52,246)	4,033	4,913	(17,659)	(4,885)	490,833
Other leased assets (operating lease)	278,764	0	(1,199)	43,068	(33,986)	(57,894)	228,752
Right-of-use assets	455,971	31,384	9,109	57,050	(14,940)	1,035	539,609
Intangible fixed assets	**2,294,576**	**(3,758)**	**77,366**	**231,240**	**(25,002)**	**8**	**2,574,430**
Software	1,771,590	(180)	33,126	220,710	(13,832)	5	2,011,419
Goodwill	438,595	0	36,806	5,246	0	0	480,648
Brand	23,229	0	4,473	0	0	0	27,702
Customer relationships	25,542	0	2,919	0	(10,536)	0	17,925
Other intangible fixed assets	35,620	(3,578)	41	5,284	(634)	4	36,736
Total	**5,510,900**	**(73,316)**	**157,838**	**515,649**	**(201,546)**	**(157)**	**5,909,368**

in € thousand	Write-ups, amortization, depreciation, impairment Cumulative	hereof write-ups	hereof depreciation/impairment	Carrying amount As at 31/12/2019
Tangible fixed assets	**(1,506,010)**	**55**	**(245,387)**	**1,828,929**
Land and buildings used by the group for own purpose	(453,573)	0	(41,504)	609,291
Office furniture, equipment and other tangible fixed assets	(683,293)	0	(80,789)	329,587
Investment property	(189,696)	55	(20,787)	301,137
Other leased assets (operating lease)	(96,076)	0	(17,914)	132,676
Right-of-use assets	(83,372)	0	(84,393)	456,237
Intangible fixed assets	**(1,816,995)**	**42**	**(170,666)**	**757,435**
Software	(1,375,374)	42	(163,881)	636,045
Goodwill	(379,324)	0	0	101,324
Brand	(17,730)	0	0	9,972
Customer relationships	(15,205)	0	(5,398)	2,720
Other intangible fixed assets	(29,362)	0	(1,387)	7,374
Total	**(3,323,005)**	**97**	**(416,053)**	**2,586,363**

Property

2020 in € thousand	Land and buildings used by the group for own purpose Carrying amount	Recoverable amount[1]	Difference	Investment property Carrying amount	Recoverable amount[1]	Difference
Austria	128,527	281,750	119%	86,208	129,485	50%
Czech Republic	29,660	34,875	18%	–	–	–
Romania	31,633	32,544	3%	98,653	101,703	3%
Hungary	9,661	9,702	0%	7,180	8,690	21%
Slovakia	29,215	29,215	0%	–	–	–
Croatia	80,982	81,096	0%	8,214	9,896	20%
Ukraine	27,722	41,747	51%	6,838	13,826	102%
Russia	71,571	90,276	26%	–	–	–
Bulgaria	–	–	–	37,631	61,499	63%
Bosnia and Herzegovina	43,104	43,316	0%	15,313	15,313	0%
Belarus	21,849	35,233	61%	–	–	–
Germany	–	–	–	23,596	43,340	84%
Kosovo	24,187	26,300	9%	–	–	–
Serbia	27,796	28,740	3%	–	–	–
Other	5,254	18,765	257%	6,272	8,163	28%
Total	**531,159**	**753,559**	**42%**	**289,906**	**391,916**	**35%**

1 Based on the last available estimates of the recoverable amount

A sensitivity analysis of material properties recognized as assets in the Group found that the recoverable amounts estimated using the replacement cost method were much higher overall than the carrying amounts. The analysis demonstrated that the recoverable amount exceeds the carrying amounts of the material properties.

Software

The item software comprises acquired software amounting to € 500,743 thousand (2019: € 475,769 thousand) and internally developed software amounting to € 173,664 (2019: € 160,275 thousand).

The RBI Group IT landscape consists of dedicated business solutions to support and process products and services offered to our customer segments, to ensure compliance and to support bank steering and reporting needs on local and on Group level. The main functionalities are covered either by core banking systems or dedicated business solutions. The main functionalities are customer relationship management, retail banking management, credit management, other product management, clearing systems, treasury and markets. Other dedicated business solutions are data warehouses, risk management, accounting, tax, regulatory reporting, compliance, internal controls, digital services, cyber security, collateral management and other non-core services.

Acquired and internally developed software

in € thousand	2020 Gross carrying amount	Accumulated impairment	Carrying amount	2019 Gross carrying amount	Accumulated impairment	Carrying amount
Austria	655,719	(443,457)	212,262	608,985	(403,468)	205,517
Czech Republic	320,740	(197,857)	122,883	311,819	(195,326)	116,494
Romania	192,759	(132,528)	60,231	178,388	(126,583)	51,805
Hungary	159,106	(98,915)	60,191	138,971	(93,080)	45,891
Slovakia	158,802	(108,528)	50,275	162,104	(110,527)	51,577
Croatia	108,512	(74,280)	34,232	98,311	(70,420)	27,891
Ukraine	68,846	(36,457)	32,389	73,227	(41,698)	31,529
Russia	179,346	(153,496)	25,850	217,052	(181,368)	35,684
Other	247,900	(171,805)	76,095	222,562	(152,905)	69,657
Total	**2,091,732**	**(1,417,325)**	**674,407**	**2,011,419**	**(1,375,374)**	**636,045**

At the end of each reporting period an assessment is made as to whether there is any indication that the carrying amount of a software asset is higher than its recoverable amount. IAS 36 has a list of generic external and internal indicators of impairment which been adapted to identify potential impairment in software in use and in development. If there is an indication that a soft ware asset may be impaired, then the asset's recoverable amount is calculated. In 2020 impairment losses of € 4,793 thousand were booked for software recognized in Hungary.

The carrying amount of properly maintained computer software declines on a linear basis whereas the recoverable amount does not become obsolete in any predictable way and tends to vary over time by a relatively small amount. Changes in the recoverable amount tend to be driven by the increasing productivity of software, technological advances, increasing labor costs and software enhancements as well as decisions about replacement.

Goodwill

Impairment test for goodwill

At the end of each financial year, goodwill is tested for impairment by comparing the recoverable value of each cash generating unit for which goodwill is recognized with its carrying value. The carrying amount value is equal to net assets including goodwill and other intangible assets which are recognized within the framework of business combinations. In line with IAS 36, impairment tests for goodwill are carried out during the year if a reason for impairment occurs.

Key assumptions

Key assumptions that have been made for the individual cash generating units:

	2020		2019	
Cash generating units	**RBCZ**	**RKAG**	**RBCZ**	**RKAG**
Average discount interest rate (after tax)	11.22%	10.3%	11.41%	9.0%
Growth rates in phase I and II	55.3%	10.0%	2.1%	1.8%
Growth rates in phase III	3.0%	2.0%	3.0%	2.0%
Planning period	5 years	5 years	5 years	5 years

RBCZ: Raiffeisenbank a.s., Prague (CZ)
RKAG: Raiffeisen Kapitalanlage-Gesellschaft m.b.H., Vienna (AT)

The following table provides a summary of significant planning assumptions and a description of the management approach to identify the values that are assigned to each significant assumption under consideration of a risk assessment.

Cash generating units	Significant assumptions	Management approach	Risk assumption
RBCZ	The Czech Republic is a core market for the Group where a selective growth strategy is pursued. A steady improvement of results is assumed as market volume growth is expected at 5 per cent YoY and RBCZ is expected to outperform the market by continuous strong customer acquisition.	The assumptions are based on internal and external sources. Macroeconomic assumptions of the research department were compared with external data sources and the five-year plan, presented to the Management Board and approved by the Supervisory Board.	Substantial past interest rate cut by CNB and rates that are expected to remain close to zero result in a low contribution to liability margins.
RKAG	RKAG is one of the leading Austrian fund enterprises, has been active in international markets for years and is a well-known player in numerous European countries.	The assumptions are based on internal and external sources. Macroeconomic assumptions of the research department were compared with external data sources and the five-year plan, presented to the Management Board and approved by the Supervisory Board.	An improvement in results is assumed due to projected steady increases in volume and asset allocation.

RBCZ: Raiffeisenbank a.s., Prague (CZ)
RKAG: Raiffeisen Kapitalanlage-Gesellschaft m.b.H., Vienna (AT)

Sensitivity analysis

A sensitivity analysis was carried out based on the above-mentioned assumptions in order to evaluate the stability of the results of the impairment test for goodwill. From a number of options for this analysis, two relevant parameters were selected, namely the cost of equity and the reduction of the growth rate. The following overview demonstrates to what extent an increase in the cost of equity or a reduction in the long-term growth rate could occur without the value in use of cash generating units declining below the respective carrying value (equity capital plus goodwill).

	2020		2019	
Maximum sensitivity	**RBCZ**	**RKAG**	**RBCZ**	**RKAG**
Increase in discount interest rate	1.0 PP	> 5.0 PP	3.6 PP	4.6 PP
Reduction of the growth rate in phase III	1.5 PP	> 5.0 PP	–	–

RBCZ: Raiffeisenbank a.s., Prague (CZ)
RKAG: Raiffeisen Kapitalanlage-Gesellschaft m.b.H., Vienna (AT)

(22) Tax assets

in € thousand	2020	2019
Current tax assets	86,951	61,272
Deferred tax assets	120,751	143,764
Temporary tax claims	107,927	127,100
Loss carry forwards	12,824	16,664
Total	**207,703**	**205,036**

Net deferred taxes were derived from the following items:

in € thousand	2020	2019
Financial assets - amortized cost	90,793	76,684
Financial liabilities - amortized cost	98,607	82,181
Financial liabilities - held for trading	125,260	149,547
Derivatives – Hedge accounting incl. fair value adjustments	8,066	30,467
Financial liabilities - designated fair value through profit/loss	37,727	43,594
Provisions for liabilities and charges	96,504	89,158
Investments in subsidiaries and associates	28,182	15,231
Other assets	58,022	84,261
Loss carry forwards	12,824	16,664
Other items of the statement of financial position	10,243	14,118
Deferred tax assets	**566,229**	**601,906**
Financial assets - held for trading	101,818	113,212
Financial assets - amortized cost	128,653	96,488
Financial assets - fair value through other comprehensive income	15,156	26,619
Financial assets and liabilities - designated fair value through profit/loss	1,083	18,768
Investments in subsidiaries and associates	23,884	12,671
Tangible fixed assets	37,833	35,299
Intangible fixed assets	54,120	48,267
Derivatives – Hedge accounting incl. fair value adjustments	76,129	70,277
Provisions for liabilities and charges	14,606	6,246
Other assets	21,256	39,824
Other liabilities	5,547	23,585
Other items of the statement of financial position	2,385	4,904
Deferred tax liabilities	**482,470**	**496,159**
Net deferred taxes	**83,758**	**105,748**

In the consolidated financial statements, deferred tax assets are recognized for unused tax loss carry forwards which amounted to € 12,824 thousand (2019: € 16,664 thousand). The tax loss carry forwards are mainly without any time limit. The Group did not recognize deferred tax assets from tax loss carry forwards of € 560,001 thousand (2019: € 595,563 thousand) because from a current point of view there is no prospect of realizing them within a reasonable period of time.

(23) Other assets

in € thousand	2020	2019
Prepayments and other deferrals	419,193	458,716
Merchandise inventory and suspense accounts for services rendered not yet charged out	168,433	286,759
Non-current assets and disposal groups classified as held for sale	22,269	20,588
Other assets	424,796	548,526
Total	**1,034,691**	**1,314,589**

Merchandise inventory and suspense accounts for services rendered not yet charged out included property under construction or not yet sold of Raiffeisen Leasing Group in Austria and Italy of € 93,511 thousand (2019: € 136,935 thousand).

(24) Financial liabilities – amortized cost

in € thousand	2020	2019
Deposits from banks	**29,073,439**	**23,582,454**
Current accounts/overnight deposits	12,708,740	10,864,209
Deposits with agreed maturity	15,781,566	11,731,323
Repurchase agreements	583,133	986,922
Deposits from customers	**101,881,479**	**95,910,514**
Current accounts/overnight deposits	76,196,681	64,759,794
Deposits with agreed maturity	25,564,074	31,071,365
Repurchase agreements	120,723	79,354
Debt securities issued	**10,346,102**	**8,779,634**
Certificates of deposits	0	796
Covered bonds	1,246,325	1,321,263
Hybrid contracts	0	220
Other debt securities issued	9,099,777	7,457,355
hereof convertible compound financial instruments	910,357	1,070,346
hereof non-convertible	8,189,420	6,387,009
Other financial liabilities	**434,301**	**491,814**
Total	**141,735,321**	**128,764,416**
hereof subordinated financial liabilities	3,005,308	2,725,517
hereof lease liabilities	454,097	453,110

The total change in deposits from banks is largely concentrated at head office. Current accounts/overnight deposits rose € 1,801,948 thousand, of which € 1,622,914 thousand were attributable to higher deposits at the regional Raiffeisen banks. Deposits with agreed maturity rose € 3,232,487 thousand at head office and € 834,682 thousand in Slovakia in particular. The increase was largely driven by the participation of RBI AG and Tatra banka, a.s. in the European Central Bank's TLTRO III (Targeted Longer-Term Refinancing Operations) program. The carrying amount was € 5,686,263 thousand at the balance sheet date. The expiration of sale and repurchase agreements in Russia (down € 263,755 thousand) and a decrease at head office (down € 185,343 thousand) meant that this item closed the period at € 583,133 thousand.

Deposits from customers revealed a clear preference for short-term deposits starting mid-year. Current accounts/overnight deposits recorded steep rises at head office (up € 2,820,228 thousand) and in the Czech Republic, Russia, Romania and Hungary (up € 5,380,457 thousand). The increase was mainly driven by households and non-financial corporations, although it was offset by large exchange rate effects, especially in Russia and Hungary. Deposits with agreed maturity decreased € 5,507,291 thousand year-on-year. The reduction was particularly pronounced in Russia (down € 2,285,675 thousand). This decrease was attributable to declining volumes among households and non-financial corporations as well as large exchange rate effects. The Czech Republic (down € 989,088 thousand) and Slovakia (down € 545,138 thousand) also contributed to the decrease.

Deposits from banks and customers by asset classes:

in € thousand	2020	2019
Central banks	7,114,722	2,462,354
General governments	2,462,847	3,171,005
Banks	21,958,717	21,120,100
Other financial corporations	9,726,375	10,929,405
Non-financial corporations	39,645,494	34,848,910
Households	50,046,763	46,961,194
Total	**130,954,918**	**119,492,968**

Deposits from central banks increased, particularly at head office (up € 3,378,883 thousand) and Slovakia (up € 831,838 thousand), due to participation in the TLTRO III program. Deposits from general governments declined € 235,500 thousand at head office and € 374,957 thousand in Russia. The decrease in Russia was attributable to a Federal Treasury Deposit maturing in February 2020. The change in deposits from banks mainly resulted from an increase in overnight deposits at head office (up € 1,470,472 thousand) and volume- and exchange rate-related declines in Russia (down € 271,404 thousand). The decrease in deposits from other financial corporations was concentrated at head office (down € 439,932 thousand) and in Slovakia (down € 362,468 thousand). In both cases, there were large reductions in deposits with agreed maturity.

The story was very different for deposits from non-financial corporations. In this case, head office contributed heavily to the increase (up € 3,238,509 thousand). Russia also recorded an increase in local currency terms, but this was more than offset by currency effects and ended up as a decline of € 951,331 thousand. Regarding deposits from households (up € 3,085,569 thousand), deposits with agreed maturity decreased in favor of short-term deposits. The largest gains were reported in Romania (up € 888,798 thousand), the Czech Republic (up € 801,770 thousand) and Slovakia (up € 605,402 thousand). In Russia, large gains in local currency terms were offset by exchange rate effects, resulting in a small increase of € 94,010 thousand.

Principal debt securities issued:

Issuer	ISIN	Type	Currency	Nominal value in € thousand	Coupon	Due
RBI AG	XS2055627538	Senior public placements	EUR	750,000,000	0.4%	09/25/2026
RBI AG	XS2106056653	Senior public placements	EUR	750,000,000	0.3%	01/22/2025
RBI AG	XS1852213930	Senior public placements	EUR	500,000,000	0.3%	07/05/2021
RBI AG	XS1917591411	Senior public placements	CZK	500,000,000	1.0%	12/04/2023

Cash and non-cash effects of subordinated financial liabilities in the measurement categories of amortized cost and designated at fair value through profit/loss:

in € thousand	
Carrying amount as at 1/1/2019	**3,150,801**
Change in carrying amount	(20,078)
hereof cash	(29,613)
hereof effect of exchange rate changes	(8,965)
hereof changes of fair value	18,501
Carrying amount as at 31/12/2019	**3,130,724**
Change in carrying amount	102,198
hereof cash	87,765
hereof effect of exchange rate changes	(3,168)
hereof changes of fair value	17,602
Carrying amount as at 31/12/2020	**3,232,922**

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

in € thousand	2020	2019
Deposits from banks	**47,504**	**24,722**
Deposits with agreed maturity	47,504	24,722
Deposits from customers	**230,856**	**303,299**
Deposits with agreed maturity	230,856	303,299
Debt securities issued	**1,228,475**	**1,514,704**
Hybrid contracts	2,751	0
Other debt securities issued	1,225,724	1,514,704
hereof convertible compound financial instruments	4,424	9,828
hereof non-convertible	1,221,300	1,504,876
Total	**1,506,835**	**1,842,725**
hereof subordinated financial liabilities	227,614	405,206

(26) Financial liabilities – held for trading

in € thousand	2020	2019
Derivatives	**2,056,713**	**1,933,594**
Interest rate contracts	1,128,292	1,060,400
Equity contracts	227,108	185,233
Foreign exchange rate and gold contracts	603,197	584,163
Credit contracts	18,443	18,010
Commodities	40	69
Other	79,633	85,719
Short positions	**501,342**	**360,661**
Equity instruments	96,852	75,321
Debt securities	404,490	285,340
Debt securities issued	**3,422,287**	**3,494,556**
Hybrid contracts	3,331,873	3,209,522
Other debt securities issued	90,414	285,034
hereof convertible compound financial instruments	90,414	285,034
Total	**5,980,342**	**5,788,811**

Details on derivatives are shown under (46) Derivative financial instruments.

(27) Hedge accounting

in € thousand	2020	2019
Negative fair values of derivatives in micro fair value hedge	**42,796**	**41,132**
Interest rate contracts	42,621	40,998
Foreign exchange rate and gold contracts	174	135
Negative fair values of derivatives in micro cash flow hedge	**848**	**3,651**
Interest rate contracts	848	3,651
Negative fair values of derivatives in net investment hedge	**8,787**	**6,706**
Negative fair values of derivatives in portfolio hedge	**344,437**	**230,576**
Cash flow hedge	6,934	2,265
Fair value hedge	337,503	228,311
Fair value adjustments of the hedged items in portfolio hedge of interest rate risk	**24,062**	**(35,616)**
Total	**420,930**	**246,450**

Negative fair values of derivatives in portfolio hedge amounted to € 344,437 thousand (2019: € 228,311 thousand), having changed € 113,861 thousand. The increase is largely due to the portfolio hedge at Raiffeisen Bausparkasse Gesellschaft m.b.H. related to falling interest rates and rising volumes (up € 56,352 thousand), the reduction in interest rates in the Czech Republic (up € 15,315 thousand) and the implementation of a portfolio hedge in Russia (up € 32,203 thousand).

The item fair value adjustments of the hedged items in portfolio hedge of interest rate risk changed by € 59,677 thousand compared to year-end 2019, from minus € 35,616 thousand to € 24,062 thousand. This was mainly due to the fair value development of the hedged liabilities in portfolio hedges in the Czech Republic, with falling interest rates, particularly for hedged customer deposits in Czech koruna.

(28) Provisions for liabilities and charges

in € thousand	2020	2019
Provisions for off-balance sheet items	**175,659**	**172,879**
Other commitments and guarantees according to IFRS 9	174,455	160,561
Other commitments and guarantees according to IAS 37	1,204	12,317
Provisions for staff	**477,885**	**500,261**
Pensions and other post employment defined benefit obligations	203,642	203,933
Other long-term employee benefits	58,893	42,066
Bonus payments	153,333	192,053
Provisions for overdue vacations	57,767	56,031
Termination benefits	4,250	6,177
Other provisions	**407,126**	**409,591**
Pending legal issues and tax litigation	247,036	222,115
Restructuring	18,050	25,821
Onerous contracts	61,560	65,601
Other provisions	80,479	96,054
Total	**1,060,670**	**1,082,731**

Provisions decreased € 22,061 thousand to € 1,060,670 thousand. This decline was primarily attributable to bonus payments of € 38,720 thousand. Provisions for pending legal issues and tax litigation increased € 24,921 thousand. Provisions were used in Russia (€ 23,599 thousand), released in Slovakia (€ 18,204 thousand) and increased in connection with pending proceedings regarding Swiss franc loans in Poland (up € 39,822 thousand to € 89,188 thousand) and in Croatia (up € 13,201 thousand to € 34,422 thousand). Provisions were also increased due to pending proceedings with the consumer protection agency in Romania. These provisions for Raiffeisen Bank S.A. rose € 3,424 thousand to € 17,584 thousand. The provisions for Aedificium Banca pentru Locuinte S.A. rose € 8,974 thousand to € 18,815 thousand in connection with an audit by the Romanian tax court.

More details are available under (55) Pending legal issues.

The following table shows the changes in provisions for liabilities and charges, although provisions for off-balance-sheet items pursuant to IFRS 9 are not included. These are shown under (38) Development of impairments.

in € thousand	1/1/2020	Change in consolidated group	Allocation	Release	Usage	Transfers, exchange differences	31/12/2020
Provisions for off-balance sheet items	**12,317**	**0**	**1,076**	**(10,117)**	**0**	**(2,072)**	**1,204**
Other commitments and guarantees according to IAS 37	12,317	0	1,076	(10,117)	0	(2,072)	1,204
Provisions for staff	**500,261**	**3,848**	**158,971**	**(21,191)**	**(145,494)**	**(18,510)**	**477,885**
Pensions and other post employment defined benefit obligations	203,933	1,151	14,414	(9,435)	(10,937)	4,516	203,642
Other long-term employee benefits	42,066	453	16,430	(46)	(535)	525	58,893
Bonus payments	192,053	1,739	101,244	(10,040)	(113,662)	(18,001)	153,333
Provisions for overdue vacations	56,031	505	25,834	(1,670)	(18,860)	(4,073)	57,767
Termination benefits	6,177	0	1,049	0	(1,500)	(1,477)	4,250
Other provisions	**409,591**	**247**	**235,255**	**(116,148)**	**(100,741)**	**(21,078)**	**407,126**
Pending legal issues and tax litigation	222,115	16	115,522	(49,394)	(31,002)	(10,221)	247,036
Restructuring	25,821	0	6,879	(3,766)	(11,001)	118	18,050
Onerous contracts	65,601	0	0	(4,041)	0	0	61,560
Other provisions	96,054	231	112,854	(58,947)	(58,738)	(10,975)	80,479
Total	**922,170**	**4,095**	**395,303**	**(147,457)**	**(246,235)**	**(41,660)**	**886,215**

in € thousand	1/1/2019	Change in consolidated group	Allocation	Release	Usage	Transfers, exchange differences	31/12/2019
Provisions for off-balance sheet items	**399**	**0**	**11,400**	**0**	**0**	**518**	**12,317**
Other commitments and guarantees according to IAS 37	399	0	11,400	0	0	518	12,317
Provisions for staff	**459,021**	**(372)**	**195,404**	**(30,585)**	**(133,759)**	**10,553**	**500,261**
Pensions and other post employment defined benefit obligations	188,567	0	28,212	(2,187)	(9,962)	(697)	203,933
Other long-term employee benefits	36,376	(260)	5,255	(36)	(133)	864	42,066
Bonus payments	176,352	(13)	148,306	(17,810)	(123,224)	8,443	192,053
Provisions for overdue vacations	50,435	(98)	13,327	(10,552)	(116)	3,036	56,031
Termination benefits	7,290	0	304	0	(323)	(1,093)	6,177
Other provisions	**270,752**	**602**	**290,995**	**(82,555)**	**(70,783)**	**581**	**409,591**
Pending legal issues and tax litigation	88,777	504	146,716	(26,892)	(5,526)	18,535	222,115
Restructuring	2,446	0	23,231	(221)	(1,021)	1,387	25,821
Onerous contracts	66,401	0	1,767	(2,567)	0	0	65,601
Other provisions	113,129	97	119,281	(52,875)	(64,237)	(19,341)	96,054
Total	**730,172**	**229**	**497,799**	**(113,140)**	**(204,543)**	**11,652**	**922,170**

Pension obligations and other termination benefits

The Group contributes to the following defined benefit pension plans and other post-employment benefits:

- Defined benefit pension plans in Austria and other countries
- Other post-employment benefits in Austria and other countries
- These defined benefit plans and other post-employment benefits expose the Group to actuarial risks, such as longevity risk, currency risk, interest rate risk and market (investment) risk.

Funding

For pensions there are different plans: unfunded, partly funded and fully funded. The partly and fully funded plans are all invested by Valida Pension AG. Valida Pension AG is a pension fund and is subject in particular to the provisions of the PKG (Pension Act) and BPG (Company Pension Act).

The Group expects to pay € 365 thousand in contributions to its defined benefit plans in 2020. In the financial year 2019, the Group's contribution to defined benefit plans was € 394 thousand.

Pension obligations/defined benefit pension plans

Financial status

in € thousand	2020	2019
Defined benefit obligation (DBO)	149,916	153,345
Fair value of plan assets	(43,096)	(49,264)
Net liabilities/assets	106,820	104,081

The defined benefit obligations developed as follows:

in € thousand	2020	2019
Defined benefit obligation as at 1/1	**153,345**	**144,811**
Change in consolidated group	950	0
Current service cost	451	453
Interest cost	1,538	2,218
Payments	(7,256)	(7,480)
Loss/(gain) on DBO due to past service cost	4	(892)
Transfer	(4,062)	(456)
Remeasurements	4,946	14,691
Defined benefit obligation as at 31/12	**149,916**	**153,345**

The decrease in new measurements in the reporting period resulted from the change of the discount rate and changes in salary trends.

Plan assets developed as follows:

in € thousand	2020	2019
Plan assets as at 1/1	**49,264**	**45,534**
Interest income	477	1,586
Contributions to plan assets	719	775
Plan payments	(3,722)	(2,245)
Transfer	(1,692)	(666)
Return on plan assets excl. interest income	(1,950)	4,280
Plan assets as at 31/12	**43,096**	**49,264**

The return on plan assets for 2020 was minus € 1,475 thousand (2019: € 5,103 thousand). The fair value of rights to reimbursement recognized as an asset was € 14,659 thousand as at year-end 2020 (2019: € 14,560 thousand).

Structure of plan assets

in per cent	2020	2019
Debt securities	49	56
Shares	27	25
Alternative Investments	14	1
Real estate	5	4
Cash	5	13
Total	**100**	**100**

In the reporting year, most of the plan assets were quoted on an active market; less than 20 per cent were not quoted on an active market.

Asset-Liability Matching

The pension provider Valida Pension AG has established an asset/risk management process (ARM process). According to this process, the risk-bearing capacity of each fund is evaluated once a year based on the liability structure of investment and risk associations, which itself is derived from the statement of financial position. Based on this risk-bearing capacity, the investment structure of the fund is derived. When determining the investment structure, defined and documented customer requirements are taken into account.

The defined investment structure is implemented in the two funds named VRG 60 and VRG 7, in which the accrued amounts for RBI are invested, with an investment concept. The weighting of predefined asset classes moves within a range according to objective criteria, which can be derived from market trends. In times of stress, hedges of the equity component are put in place.

Actuarial assumptions

The following table shows the actuarial assumptions used to calculate the net defined benefit obligation:

in per cent	2020	2019
Discount rate	0.8	1.0
Future pension basis increase	3.7	3.5
Future pension increase	2.0	2.0

The following table shows the longevity assumptions used to calculate the net defined benefit obligation:

Years	2020	2019
Longevity at age 65 for current pensioners - males	23.1	22.9
Longevity at age 65 for current pensioners - females	25.5	25.4
Longevity at age 65 for current members aged 45 - males	25.8	25.7
Longevity at age 65 for current members aged 45 - females	28.1	27.9

The weighted average duration of the net defined benefit obligation was 11.4 years (2019: 13.4 years).

Sensitivity analysis

Changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below:

	2020		2019	
in € thousand	Increase	Decrease	Increase	Decrease
Discount rate (1 per cent change)	(17,099)	17,818	(16,904)	20,594
Future salary growth (0.5 per cent change)	1,178	(1,155)	762	(759)
Future pension increase (0.25 per cent change)	3,693	(3,560)	4,363	(4,213)
Remaining life expectancy (change 1 year)	8,729	(9,173)	10,360	(10,934)

Other termination benefits

The other termination benefits developed as follows:

in € thousand	2020	2019
Defined benefit obligation as at 1/1	**99,852**	**89,290**
Change in consolidated group	201	0
Current service cost	5,419	5,584
Interest cost	856	1,532
Payments	(6,683)	(3,952)
Loss/(gain) on DBO due to past service cost	(463)	(53)
Transfers	1,453	(1,505)
Remeasurements	(3,813)	8,956
Defined benefit obligation as at 31/12	**96,822**	**99,852**

Actuarial assumptions

The following table shows the actuarial assumptions used to calculate the other termination benefits:

in per cent	2020	2019
Discount rate	0.9	0.9
Additional future salary increase for employees	3.7	3.5

Employee benefit expenses

Details of employee benefit expenses (expenses for defined benefit pension plans, other benefits due to termination of employment) are stated under (8) General administrative expenses.

(29) Tax liabilities

in € thousand	2020	2019
Current tax liabilities	76,593	30,549
Deferred tax liabilities	36,993	38,017
Total	**113,585**	**68,565**

Details of the deferred tax liablilites are stated under (22) Tax assets.

(30) Other liabilities

in € thousand	2020	2019
Liabilities from insurance activities	175,708	0
Deferred income and accrued expenses	439,634	439,778
Sundry liabilities	237,801	201,043
Total	**853,143**	**640,822**

The item liabilities from insurance activities contains obligations under insurance contracts resulting from contractual relationships between Raiffeisen Pension Insurance d.d. and the policyholders that were reported under financial liabilities – amortized cost in 2019. The reported liability is based on actuarial calculations.

Insurance business

The Group's insurance business consists of pension products in Croatia. Due to the existence of insurance risk and investment risk in these products it is necessary to apply IFRS 4 for the accounting of the resulting liabilities. All assets related to the provision of pensions products are accounted for under IFRS 9. The table below presents an analysis of the change in insurance contract liabilities:

in € thousand	Covered by LAT test	Not Covered by LAT test	Total
Carrying amount as at 1/1/2019	**24,191**	**43,952**	**68,143**
Additions	39,808	23,024	62,832
Usage	(8,851)	(16,081)	(24,932)
Other changes	(645)	(1,171)	(1,816)
Exchange rate changes	93	169	262
Investment return	1,824	3,313	5,137
Carrying amount as at 31/12/2019	**56,420**	**53,206**	**109,626**
Additions	85,380	10,744	96,124
Usage	(15,511)	(14,628)	(30,139)
Other changes	(1,479)	(1,394)	(2,873)
Exchange rate changes	522	493	1,015
Investment return	1,006	949	1,955
Carrying amount as at 31/12/2020	**126,339**	**49,369**	**175,708**

Insurance contract liabilities must be regularly reviewed and subjected to a liability adequacy test (LAT). The adequacy test determines, on the basis of a comparison with estimated future cash flows, whether the carrying amount of insurance liabilities needs to be increased. In 2020 and 2019, there was no charges related to the liability adequacy test.

Risks in the insurance business

Reserve risk – The largest impact on the reserve risk is the regulatory reduction of the maximum allowable technical interest rate for the reserve calculation. Due to the longevity of the policies offered by the company, a small shift in the technical interest rate has a major impact on the amount of reserves.

Investment risk – The company is exposed to the risk that the return on investment will not exceed the guaranteed interest rate and that it will not be able to make a profit for the pension beneficiaries. The company manages investment risk as well as interest rate risk by actively managing its portfolio.

The Group manages the risks by reasonable pricing, product design and conducting the liability adequacy test.

Sensitivity analysis

The following table presents the effect of a change in mortality of the insuree, an increase in the risk margin and a decrease in the yield curve on the difference between the IFRS 4 provision and the scenario.

2020 in € thousand	Covered by LAT test	Scenario	Difference
Liability adequacy test best estimate	126,339	118,761	7,578
Increase in longevity by 10 per cent	126,339	122,195	4,144
Increase in the risk margin by 1.5 percentage points	126,339	120,543	5,796
Parallel shift of the yield curve by 100 basis points	126,339	122,574	3,765

2019 in € thousand	Covered by LAT test	Scenario	Difference
Liability adequacy test best estimate	56,420	46,020	10,400
Increase in longevity by 10 per cent	56,420	47,360	9,060
Increase in the risk margin by 1.5 percentage points	–	–	–
Parallel shift of the yield curve by 100 basis points	–	–	–

Sensitivity to changes in mortality was calculated for the impact of a 10 per cent increase in longevity. Sensitivity to changes in the risk margin was calculated for the impact of a 1.5 percentage point increase in risk margin. Sensitivity to changes in the yield curve was calculated for the effect of a 100 basis points reduction in the yield curve. There would be no effect on profit or loss due to the positive difference between the IFRS provision and the scenarios.

(31) Equity

in € thousand	2020	2019
Consolidated equity	11,834,914	11,817,337
Subscribed capital	1,002,283	1,002,283
Capital reserves	4,991,797	4,991,797
Retained earnings	9,234,414	8,443,172
hereof consolidated profit/loss	803,755	1,227,035
Cumulative other comprehensive income	(3,393,580)	(2,619,915)
Non-controlling interests	820,470	811,001
Additional tier 1	1,632,661	1,136,645
Total	**14,288,045**	**13,764,983**

The development of equity is shown in section statement of changes in equity.

The other changes presented in retained earnings resulted mainly from the initial consolidation of two asset management companies in Russia and Romania and of a payment transaction company in Romania. In addition, the valuation reserve of financial assets was reclassified from cumulative other comprehensive income to retained earnings.

The list of all companies which were included in the scope of consolidation for the first time can be found under (69) Group composition.

The Group's return on equity amounted to 6.4 per cent in the financial year (2019: 11.0 per cent). It declined 3.6 percentage points due to the 7 per cent increase in the average equity base and lower consolidated profit.

Subscribed capital

As at 31 December 2020, the subscribed capital of RBI AG as defined by the articles of incorporation amounted to € 1,003,266 thousand and the subscribed capital consisted of 328,939,621 non-par bearer shares. After deduction of own shares of 322,204, the stated subscribed capital totaled € 1,002,283 thousand.

Own shares

The Annual General Meeting held on 20 October 2020 authorized the Management Board pursuant to § 65 (1) 8, § 65 (1a) and § 65 (1b) of the AktG to purchase own shares and to retire them if appropriate without requiring any further prior resolutions to be passed by the Annual General Meeting. Own shares, whether already purchased or to be purchased, may not collectively exceed 10 per cent of the company's share capital. The authorization to purchase own shares expires 30 months after the date of the Annual General Meeting resolution, i.e. until 19 April 2023. The acquisition price for repurchasing the shares may be no lower than € 3.05 per share and no higher than 10 per cent above the average unweighted closing price over the ten trading days prior to exercising this authorization.

The Management Board was further authorized, pursuant to § 65 (1b) of the AktG, to decide, with the approval of the Supervisory Board, on the sale of own shares by means other than the stock exchange or a public tender, to the full or partial exclusion of shareholders' subscription rights, and to stipulate the terms of sale. Shareholders' subscription rights may only be excluded if the own shares are used to pay for a contribution in kind, to acquire enterprises, businesses, operations or stakes in one or several companies in Austria or abroad. This authorization may be exercised in whole, in part or in several partial amounts for one or more purposes by the company, a subsidiary (§ 189a 7 UGB) or by third parties for the account of the company or a subsidiary and remains in force for five years from the date of this resolution, i.e. until 19 October 2025.

Since that time, there were no own shares purchased on the basis of the lapsed authorization from June 2018 nor on the basis of the current authorization from October 2020.

The Annual General Meeting of 20 October 2020 also authorized the Management Board, under the provisions of § 65 (1) 7 of the AktG, to purchase own shares for the purpose of securities trading, which may also be conducted off-market, during a period of 30 months from the date of the resolution (i.e. until 19 April 2023), provided that the trading portfolio of shares purchased for this purpose does not at the end of any given day exceed 5 per cent of the company's respective share capital. The consideration for each share to be acquired must not be less than half the closing price at the Vienna Stock Exchange on the last day of trading preceding the acquisition and must not exceed twice the closing price at the Vienna Stock Exchange on the last day of trading preceding the acquisition.

Authorized capital

Pursuant to § 169 AktG, the Management Board has been authorized since the Annual General Meeting of 13 June 2019 to increase the share capital with the approval of the Supervisory Board – in one or more tranches – by up to € 501,632,920.50 by issuing up to 164,469,810 new voting common bearer shares in exchange for contributions in cash and/or in kind (including by way of the right of indirect subscription by a bank pursuant to § 153 (6) of the AktG) by 2 August 2024 at the latest and to fix the offering price and terms of the issue with the approval of the Supervisory Board. The Management Board is further authorized to exclude shareholders' statutory subscription rights with the approval of the Supervisory Board (i) if the capital increase is carried out in exchange for contributions in kind, or (ii) if the capital increase is carried out in exchange for contributions in cash and the shares issued under the exclusion of subscription rights do not exceed 10 per cent of the company's share capital (exclusion of subscription rights).

No use has been made to date of the authority granted in June 2019 to utilize the authorized capital.

Dividend proposal

Taking the ECB's recommendation on dividend payments into account, the Management Board of RBI AG will propose to the Annual General Meeting (planned for 22 April 2021) to pay a dividend of € 0.48 per share. The total dividend paid based on shares issued would be no more than € 157,891 thousand. The Management Board reserves the right to consider a possible additional dividend payment as soon as the ECB withdraws its recommendation.

Number of shares outstanding

Number of shares	2020	2019
Number of shares issued as at 1/1	**328,939,621**	**328,939,621**
New shares issued	0	0
Number of shares issued as at 31/12	**328,939,621**	**328,939,621**
Own shares as at 1/1	322,204	322,204
Purchase of own shares	0	0
Sale of own shares	0	0
Less own shares as at 31/12	**322,204**	**322,204**
Number of shares outstanding as at 31/12	**328,617,417**	**328,617,417**

Additional tier 1 capital

On 5 July 2017, RBI AG issued perpetual additional tier 1 capital (AT1) with a nominal value of € 650,000 thousand. The interest rate is 6.125 per cent p.a. until December 2022 and will be reset thereafter. RBI placed another issue of perpetual additional tier 1 capital (AT1) with a volume of € 500,000 thousand on 24 January 2018. The discretionary coupon on this issue is 4.5 per cent p.a. until mid-June 2025, after which it will be reset. On July 29, 2020, RBI placed another perpetual additional tier 1 capital (AT1) instrument in the amount of € 500,000 thousand. The discretionary coupon on this issue is 6 per cent p.a. until December 2026, after which point it will be reset. Due to the terms and conditions of issue, the additional tier 1 capital is classified as equity under IAS 32. Own shares, which have a carrying amount of € 4,969 thousand, were also deducted from the capital. The nominal value per security for all tranches is € 200 thousand.

Number of AT1 securities	2020	2019
Number of AT1 securities issued as at 1/1	**5,750**	**5,750**
New AT1 securities issued	2,500	0
Number of AT1 securities issued as at 31/12	**8,250**	**5,750**
Own AT1 securities as at 1/1	22	79
Purchase of own AT1 securities	573	416
Sale of own AT1 securities	(570)	(473)
Less own AT1 securities as at 31/12	**25**	**22**
Number of AT1 securities outstanding as at 31/12	**8,225**	**5,728**

Development of cumulative other comprehensive income

The following table contains the cumulative other comprehensive income of the consolidated equity; non-controlling interests are not included:

in € thousand	Remeasure-ments reserve acc. to IAS 19	Exchange differences	Net investment hedge	Cash flow hedge
As at 1/1/2019	**(26,423)**	**(3,076,767)**	**109,845**	**(334)**
Unrealized net gains/losses of the period	(19,318)	0	0	0
Items that may be reclassified subsequently to profit or loss	0	316,172	(51,089)	3,101
Net gains/losses reclassified to income statement	0	(8,077)	0	0
As at 31/12/2019	**(45,741)**	**(2,768,673)**	**58,756**	**2,767**
Unrealized net gains/losses of the period	(3,974)	0	0	0
Items that may be reclassified subsequently to profit or loss	0	(953,446)	182,792	(2,363)
Net gains/losses reclassified to income statement	0	0	0	0
Reclassification of the valuation reserve of financial assets	0	0	0	0
As at 31/12/2020	**(49,714)**	**(3,722,118)**	**241,548**	**404**
Deferred taxes	**1,691**	**0**	**0**	**(329)**
As at 31/12/2020 net	**(48,024)**	**(3,722,118)**	**241,548**	**75**

in € thousand	At fair value OCI	Fair value option	At equity	Total
As at 1/1/2019	**71,774**	**(46,265)**	**(23,739)**	**(2,991,908)**
Unrealized net gains/losses of the period	92,360	(21,766)	29,306	80,582
Items that may be reclassified subsequently to profit or loss	44,576	0	1,328	314,088
Net gains/losses reclassified to income statement	0	0	0	(8,077)
As at 31/12/2019	**208,710**	**(68,031)**	**6,895**	**(2,605,317)**
Unrealized net gains/losses of the period	(4,294)	12,765	8,387	12,885
Items that may be reclassified subsequently to profit or loss	10,204	0	(2,049)	(764,862)
Net gains/losses reclassified to income statement	0	0	0	0
Reclassification of the valuation reserve of financial assets	(27,617)	0	0	(27,617)
As at 31/12/2020	**187,003**	**(55,266)**	**13,233**	**(3,384,910)**
Deferred taxes	**(13,008)**	**2**	**2,974**	**(8,670)**
As at 31/12/2020 net	**173,995**	**(55,263)**	**16,208**	**(3,393,580)**

The following table shows the development of deferred taxes included in other comprehensive income:

in € thousand	1/1/2019	Change	31/12/2019	Change	31/12/2020
Remeasurements reserve acc. to IAS 19	665	767	1,432	259	1,691
Exchange differences	0	0	0	0	0
Net investment hedge	0	0	0	0	0
Cash flow hedge	(3,547)	1,393	(2,154)	1,825	(329)
At fair value OCI	(2,620)	(14,444)	(17,064)	4,056	(13,008)
Fair value option	0	0	0	2	2
At equity	3,300	(112)	3,188	(214)	2,974
Deferred taxes total	**(2,202)**	**(12,396)**	**(14,598)**	**5,928**	**(8,670)**

IAS 19 requires remeasurements of defined benefit plans to be shown in other comprehensive income. This resulted in other comprehensive income of minus € 4,001 thousand in the reporting year (2019: minus € 19,367 thousand), which was attributable to the change in the discount rate.

The fair value changes of equity instruments recognized in other comprehensive income generated a negative contribution of € 8,920 thousand (2019: € 97,447 thousand), while the fair value changes of debt instruments resulted in a positive result of € 10,504 thousand (2019: minus € 49,388 thousand). Changes in equity from companies valued at equity of € 6,339 thousand (2019: minus € 30,634 thousand) mainly relate to UNIQA Insurance Group AG, Vienna. They largely consist of valuation changes in the securities portfolio used for liquidity management.

The changes in fair value resulting from changes in RBI's own default risk amounted to € 12,765 thousand in the reporting period. (2019: minus € 21,766 thousand). The difference between the current fair value of these designated liabilities and the contractually agreed payment amount for the date of final maturity amounted to € 314,834 thousand (2019: € 395,118 thousand). There were no significant transfers within equity or derecognition of liabilities measured at fair value in the reporting period.

Currency developments led to a negative effect in the amount of € 1,007,057 thousand in the financial year (2019: € 331,916 thousand). The 31 per cent depreciation of the Russian ruble resulted in a decrease of € 624,591 thousand, while the depreciation of the Ukrainian hryvnia, also 31 per cent, led to a further decrease of € 134,781 thousand. The 35 per cent depreciation of the Belarusian ruble resulted in an additional decline of € 103,855 thousand. The Hungarian forint's 10 per cent depreciation resulted in a further decrease of € 69,668 thousand.

The capital hedge for foreign activities comprises hedges for investments in economically independent sub-units. Such hedges posted a positive result of € 182,792 thousand in the reporting year, which was principally driven by the depreciation of the Russian ruble. In the previous year, a negative result of € 51,089 thousand was posted. Cash flow hedging was applied in addition to fair value hedging at five Group units to hedge against interest rate risk. In the financial year, this led to a negative result of € 2,815 thousand (2019: € 3,324 thousand).

Non-controlling interests

The following table contains financial information of subsidiaries which are held by the Group and in which material non-controlling interests exist. The amounts reported below refer to the non-controlling interests that were not eliminated.

2020 in € thousand	Share of voting rights and equity of non-controlling interests	Net assets of non-controlling interests	Profit/loss of non-controlling interests	Other comprehensive income of non-controlling interests	Total comprehensive income of non-controlling interests
Raiffeisen Bank Aval JSC, Kiev (UA)	31.8%	115,844	42,009	(32,881)	9,128
Raiffeisenbank a.s., Prague (CZ)	25.0%	336,772	20,253	(9,943)	10,310
Tatra banka, a.s., Bratislava (SK)	21.2%	271,601	22,557	96	22,654
Priorbank JSC, Minsk (BY)	12.3%	35,756	5,302	(11,643)	(6,341)
Valida Pension AG, Vienna (AT)	42.6%	65,404	7,485	(3)	7,482
Other	n/a	(4,906)	8,246	(1,792)	6,453
Total		**820,470**	**105,852**	**(56,166)**	**49,685**

2019 in € thousand	Share of voting rights and equity of non-controlling interests	Net assets of non-controlling interests	Profit/loss of non-controlling interests	Other comprehensive income of non-controlling interests	Total comprehensive income of non-controlling interests
Raiffeisen Bank Aval JSC, Kiev (UA)	31.8%	153,680	52,197	21,722	73,919
Raiffeisenbank a.s., Prague (CZ)	25.0%	321,778	40,794	3,556	44,350
Tatra banka, a.s., Bratislava (SK)	21.2%	249,433	28,618	4,304	32,922
Priorbank JSC, Minsk (BY)	12.3%	42,095	7,004	1,606	8,610
Valida Pension AG, Vienna (AT)	42.6%	57,923	4,679	(22)	4,657
Other	n/a	(13,907)	4,272	731	5,003
Total		**811,001**	**137,565**	**31,897**	**169,462**

As opposed to the above stated financial information which only relates to significant non-controlling interests, the following table contains financial information of the significant individual subsidiaries (including controlling interests):

2020 in € thousand	Raiffeisen Bank Aval JSC, Kiev (UA)	Raiffeisenbank a.s., Prague (CZ)	Tatra banka, a.s., Bratislava (SK)	Priorbank JSC, Minsk (BY)	Valida Pension AG, Vienna (AT)
Operating income	340,673	395,947	420,363	137,281	36,295
Profit/loss after tax	132,030	81,010	106,313	43,246	17,560
Other comprehensive income	(103,342)	(39,771)	454	(94,971)	(7)
Total comprehensive income	**28,688**	**41,239**	**106,767**	**(51,725)**	**17,552**
Current assets	2,361,752	7,397,803	4,993,835	1,185,190	38,757
Non-current assets	718,318	8,266,231	10,497,985	501,988	270,305
Short-term liabilities	2,681,165	13,576,384	12,454,116	1,326,773	11,106
Long-term liabilities	34,823	740,565	1,757,644	68,747	144,515
Net assets	**364,081**	**1,347,086**	**1,280,059**	**291,658**	**153,441**
Net cash from operating activities	80,273	961,091	1,011,493	(6,367)	22,487
Net cash from investing activities	(48,583)	(1,192,560)	(585,330)	(39,761)	(50,000)
Net cash from financing activities	(149,923)	38,203	(8,210)	(1,009)	0
Effect of exchange rate changes	62,562	16,612	(1,278)	68,923	0
Net increase in cash and cash equivalents	**(55,671)**	**(176,653)**	**416,677**	**21,786**	**(27,513)**
Dividends paid to non-controlling interests during the year[1]	46,858	812[2]	0	0	0

1 Included in net cash from financing activities
2 Dividend for AT1

2019 in € thousand	Raiffeisen Bank Aval JSC, Kiev (UA)	Raiffeisenbank a.s., Prague (CZ)	Tatra banka, a.s., Bratislava (SK)	Priorbank JSC, Minsk (BY)	Valida Pension AG, Vienna (AT)
Operating income	353,381	459,572	421,603	151,359	31,417
Profit/loss after tax	164,050	163,177	134,876	57,130	10,978
Other comprehensive income	68,269	14,224	20,283	13,104	(53)
Total comprehensive income	**232,319**	**177,401**	**155,160**	**70,234**	**10,925**
Current assets	2,363,564	6,850,633	4,636,599	1,381,572	124,794
Non-current assets	743,199	7,739,843	9,685,990	581,300	166,048
Short-term liabilities	2,602,585	12,260,065	12,363,593	1,476,538	7,039
Long-term liabilities	21,182	1,043,300	783,414	142,973	147,914
Net assets	**482,995**	**1,287,112**	**1,175,582**	**343,362**	**135,889**
Net cash from operating activities	426,800	272,897	524,512	50,030	(37,542)
Net cash from investing activities	(92,926)	(195,547)	(328,683)	(6,101)	(58,192)
Net cash from financing activities	(110,485)	15,384	(43,996)	(24,610)	0
Effect of exchange rate changes	(40,861)	(6,888)	(461)	(13,301)	0
Net increase in cash and cash equivalents	**182,529**	**85,847**	**151,371**	**6,017**	**(95,734)**
Dividends paid to non-controlling interests during the year[1]	35,045	10,029	7,929	3,017	0

1 Included in net cash from financing activities

Significant restrictions

For Raiffeisenbank a.s., Prague, a syndicate contract exists between RBI AG and the joint shareholder. The syndicate contract regulates especially purchase options between direct and indirect shareholders. The syndicate contract expires automatically if control over the company changes – also in the case of a takeover bid.

The European Bank for Reconstruction and Development (EBRD) participated in the capital increase of Raiffeisen Bank Aval JSC, Kiev, (AVAL) which took place in December 2015. Within the course of this transaction, RBI agreed with EBRD to offer RBI shares to EBRD in exchange for the AVAL shares held by EBRD after six years of its participation in a so-called share swap. The execution of this transaction is subject to approvals from regulatory authorities, the Annual General Meeting and other committees.

Based on the requirements of the ECB and national supervisory authorities, there are currently payment restrictions in all markets in which RBI operates, with the exception of Russia and Ukraine.

Notes to financial instruments

(32) Fair value of financial instruments

Fair value measurement in the Group is based primarily on external data sources (mainly stock exchange prices or broker quotations in highly liquid markets). Financial instruments measured on the basis of quoted market prices are mainly listed securities and derivatives as well as liquid bonds traded on OTC markets. These financial instruments are assigned to Level I of the fair value hierarchy.

If a market value is used and the market cannot be considered to be an active market in view of its restricted liquidity, the underlying financial instrument is assigned to Level II of the fair value hierarchy. If no market prices are available, valuation models based on observable market data are used to measure these financial instruments. These observable market data are mainly reproducible yield curves, credit spreads and volatilities. The Group generally uses valuation models which are subject to an internal audit by the Market Risk Committee in order to ensure appropriate measurement parameters.

If fair value cannot be measured using either sufficiently regularly quoted market prices (Level I) or using valuation models which are entirely based on observable market prices (Level II), then individual input parameters which are not observable on the market are estimated using appropriate assumptions. If parameters which are not observable on the market have a significant impact on the measurement of the underlying financial instrument, it is assigned to Level III of the fair value hierarchy. These measurement parameters, which are not regularly observable, are mainly credit spreads derived from internal estimates.

Assigning certain financial instruments to the level categories requires regular assessment, especially if measurement is based on both observable parameters and also parameters which are not observable on the market. The classification of an instrument can also change over time to take account of changes in market liquidity and thus price transparency.

Fair value of financial instruments reported at fair value

The living loan portfolio is included in the central calculation of fair value. Fair value is calculated monthly and is based on the discounted cash flow method. The expected payment streams are discounted using an appropriate discount rate (e.g. risk-free rate plus premium). The method applied to calculate the discount rate depends on the segment (i.e. retail and non-retail).

In addition, the fair value of the embedded options is calculated for the living loan portfolio, and the method applied is based on the segment (i.e. retail and non-retail). The measurement of the embedded options in the retail segment is based on behavioral modeling (e.g. linear regression/moving twelve-month average of prepayment rates). The measurement of embedded options in loans in the non-retail segment is based on the assumption that the customer will behave in an entirely rational manner. The embedded options in non-retail loans such as prepayment, disbursement and replenishment are replicated with swaptions and measured using the trinomial tree Hull-White structural model. The Black model, which is based on the log-normal distribution of yields, is generally used to measure interest rate options (caps and floors). As we are in a negative interest rate environment, the shifted log-normal Black model is used to measure interest rate options. It is based on a displaced diffusion model (log-normal distribution with a shift in interest rates).

For bonds, tradable market prices are mostly used. If no quotes are available, a discounted cash flow model is used to value the securities. The yield curve and an adequate credit spread are used as measurement parameters. The credit spread is determined through comparable financial instruments available on the market. Credit default spreads were used to measure a small part of the portfolio. In addition, consideration is given to third party external measurements, which are indicative in all cases. The positions are assigned to levels at the end of the reporting period.

In the Group, well-known conventional market valuation techniques are used to measure OTC derivatives. For example, interest rate swaps, cross currency swaps and forward rate agreements are measured using the customary discounted cash flow model for these products. OTC options, such as foreign exchange options or caps and floors, are based on valuation models which are in line with market standards. In the case of the examples listed, such models would be the Garman-Kohlhagen model, Black-Scholes 1972 and Black 1976. Monte Carlo simulations are used to measure complex options.

Credit value adjustments (CVA) are also necessary to determine fair value in order to reflect counterparty risk associated with OTC derivative transactions, especially for contractual partners for whom a credit support annex does not provide protection. This amount represents the respective estimated market value of a security measure which is required to hedge against counterparty credit risk in the Group’s OTC derivative portfolios.

For OTC derivatives, credit value adjustments (CVA) and debit value adjustments (DVA) are used to cover expected credit losses. The CVA will depend on the expected future exposure (expected positive exposure) and the probability of default of the contractual partner. The DVA is determined on the basis of the expected negative exposure and on RBI’s credit quality. The expected positive exposure is calculated by simulating a large number of scenarios for future points in time, taking into account all available risk factors (e.g. currency and yield curves). OTC derivatives are measured at market values taking into account these scenarios at the respective future points in time and are aggregated at counterparty level in order to then ascertain the expected positive exposure for all points in time. Counterparties with CSA contracts (credit support annex contracts) are taken into account in the calculation. The expected exposures are not calculated directly from simulated market values, but from a future expected change in market values based on a margin period of risk of ten days.

A further element of the CVA involves determining a probability of default for each counterparty. Where direct credit default swap (CDS) quotations are available, the Group calculates the market-based probability of default and, implicitly, the loss-given-default (LGD) for the respective counterparty. The probability of default for counterparties which are not actively traded on the market is calculated by assigning a counterparty’s internal rating to a sector and rating-specific CDS curve.

The DVA is determined by the expected negative exposure and by RBI's credit quality and represents the value adjustment for own probability of default. The method of calculation is similar to that for the CVA, but the expected negative market value is used instead of the expected positive market value. Instead of the expected positive exposures, expected negative exposures are calculated from the simulated future aggregated counterparty market values; these represent the Group’s expected liability to the counterparty at the respective future points in time. Values implied by the market are also used to calculate RBI’s probability of default. Direct CDS quotations are used where available. If no CDS quotation is available, RBI’s probability of default is calculated by assigning the own rating to a sector and rating-specific CDS curve.

No funding value adjustment (FVA) was considered to measure OTC derivatives. RBI is observing market developments and will develop a method to calculate the FVA where appropriate.

In the tables below, the financial instruments reported at fair value in the statement of financial position are grouped according to items in the statement of financial position and classified according to measurement category. A distinction is made as to whether the measurement is based on quoted market prices (Level I), or whether the valuation models are based on observable market data (Level II) or on parameters which are not observable on the market (Level III). Items are assigned to levels at the end of the reporting period.

Assets in € thousand	2020 Level I	 Level II	 Level III	2019 Level I	 Level II	 Level III
Financial assets - held for trading	**1,852,048**	**2,547,586**	**116**	**1,910,478**	**2,271,806**	**88**
Derivatives	18,296	2,083,414	76	28,606	1,865,835	24
Equity instruments	226,853	18	0	420,010	6,534	0
Debt securities	1,606,899	464,154	41	1,461,863	399,437	64
Non-trading financial assets - mandatorily fair value through profit/loss	**286,953**	**133,876**	**400,866**	**393,687**	**54,117**	**328,133**
Equity instruments	1,072	52	7	1,085	35	7
Debt securities	285,881	133,824	2,645	392,602	54,081	742
Loans and advances	0	0	398,214	0	0	327,384
Financial assets - designated fair value through profit/loss	**405,963**	**37,494**	**13,710**	**2,231,152**	**44,675**	**6**
Debt securities	405,963	37,494	13,710	2,231,152	44,675	6
Financial assets - fair value through other comprehensive income	**3,568,232**	**1,066,624**	**134,330**	**3,912,452**	**681,391**	**187,512**
Equity instruments	5,298	17,847	134,330	1,662	81,837	145,116
Debt securities	3,562,934	1,048,777	0	3,910,790	599,554	42,396
Hedge accounting	**0**	**402,807**	**0**	**0**	**402,064**	**0**

Liabilities in € thousand	2020 Level I	 Level II	 Level III	2019 Level I	 Level II	 Level III
Financial liabilities - held for trading	**495,278**	**5,485,022**	**41**	**404,913**	**5,376,631**	**7,268**
Derivatives	14,654	2,042,017	41	17,167	1,916,415	12
Short positions	480,624	20,718	0	358,723	1,938	0
Debt securities issued	0	3,422,287	0	29,023	3,458,278	7,255
Financial liabilities - designated fair value through profit/loss	**0**	**1,506,835**	**0**	**0**	**1,842,725**	**0**
Deposits	0	278,360	0	0	328,021	0
Debt securities issued	0	1,228,475	0	0	1,514,704	0
Hedge accounting	**0**	**396,868**	**0**	**0**	**282,066**	**0**

Movements of financial instruments valued at fair value 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 sufficient frequency and sufficient volumes.

If a market value is used and the market cannot be considered to be 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 on the basis of market data such as yield curves, credit spreads and implicit volatilities as reproducible, observable market parameters.

As a result of lower market depth or the reclassification from market to theoretical valuation, securities totaling € 48,164 thousand were reclassified from Level I to Level II. This related mainly to securities of central governments (€ 21,162 thousand), securities of non-financial corporations (€ 17,780 thousand) and securities of financial institutions (€ 9,222 thousand).

As a result of improved market depth, securities totaling € 3,073 thousand were reclassified from Level II to Level I. This related mainly to securities of non-financial corporations (€ 1,680 thousand), securities of financial institutions (€ 841 thousand), and securities of central governments (€ 553 thousand).

Movements in Level III of financial instruments at fair value

The following tables show the changes in the fair value of financial instruments whose fair value cannot be calculated on the basis of observable market data and are therefore subject to other measurement models. Financial instruments in this category have a value component which is unobservable directly or indirectly on the market and which has a material impact on the fair value. A net increase of € 33,285 thousand in the total portfolio of Level III assets was reported in 2020. While there was in particular a net increase of € 89,810 thousand in the volume of loans subject to mandatory fair value recognition, there was a net decrease of € 51,086 thousand in securities in the measurement category financial assets – fair value through other comprehensive income. In 2020, certificates totaling € 6,838 thousand were reclassified from Level III to Level II, as they can only be measured on the basis of observable market data.

Assets in € thousand	As at 1/1/2020	Change in consolidated group	Exchange differences	Additions	Disposals
Financial assets - held for trading	88	0	(8)	41,589	(41,610)
Non-trading financial assets - mandatorily fair value through profit/loss	328,133	0	(20,770)	122,453	(32,643)
Financial assets - designated fair value through profit/loss	6	0	0	11,566	0
Financial assets - fair value through other comprehensive income	187,512	0	(1,023)	6,957	(57,534)
Total	**515,738**	**0**	**(21,801)**	**182,564**	**(131,787)**

Assets in € thousand	Gains/loss in P/L	Gain/loss in other comprehensive income	Transfer to Level III	Transfer from Level III	As at 31/12/2020
Financial assets - held for trading	58	0	0	0	116
Non-trading financial assets - mandatorily fair value through profit/loss	3,693	0	0	0	400,866
Financial assets - designated fair value through profit/loss	2,143	0	0	(4)	13,710
Financial assets - fair value through other comprehensive income	(1,892)	311	0	0	134,330
Total	**4,002**	**311**	**0**	**(4)**	**549,023**

Liabilities in € thousand	As at 1/1/2020	Change in consolidated group	Exchange differences	Additions	Disposals
Financial liabilities - held for trading	7,268	0	(8)	0	0
Total	**7,268**	**0**	**(8)**	**0**	**0**

Liabilities in € thousand	Gains/loss in P/L	Gain/loss in other comprehensive income	Transfer to Level III	Transfer from Level III	As at 31/12/2020
Financial liabilities - held for trading	(381)	0	0	(6,838)	41
Total	**(381)**	**0**	**0**	**(6,838)**	**41**

Qualitative information for the valuation of financial instruments in Level III

Assets 2020	Fair value in € thousand	Valuation technique	Significant unobservable inputs	Range of unobservable inputs
Financial assets - held for trading	**116**			
Subordinated capital	0	Price (expert opinion)	Price	–
Treasury bills, fixed coupon bonds	41	DCF method	All base rate of last auction (interest rate curve)	0.76 - 1.66%
Forward foreign exchange contracts	76	DCF method	Interest rate curve	10 - 30%
Non-trading financial assets - mandatorily fair value through profit/loss	**400,866**			
Other interests	7	Simplified net present value method Expert opinion	–	–
Bonds, notes and other non fixed-interest securities	2,645	Net Asset Value Expert opinion	Haircuts Price	20 - 50%
Loans	398,214	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 0.25 - 6.54% (depending on the rating: from AA to CCC)
Financial assets - designated fair value through profit/loss	**13,710**			
Fixed coupon bonds	13,710	Net Asset Value Expert opinion	Price	–
Financial assets - fair value through other comprehensive income	**134,330**			
Other interests	40,785	Dividend discount model Simplified income approach DCF method	Credit spread Cash flow Discount rate Dividends Beta factor	–
Other interests	40,305	Adjusted net asset value	Adjusted equity	–
Other interests	53,240	Market comparable companies Transaction price Valuation report (expert judgement) Cost minus impairment	EV/Sales EV/EBIT P/E P/B	–
Total	**549,023**			

Liabilities 2020	Fair value in € thousand	Valuation technique	Significant unobservable inputs	Range of unobservable inputs
Financial liabilities - held for trading	**41**			
Forward foreign exchange contracts	41	DCF method	Interest rate curve	10 - 30%
Total	**41**			

Sensitivity of the fair value of financial assets (Level III) and liabilities measured at fair value

According to IFRS 13 it is necessary to disclose information that helps users of its financial statements assess recurring fair value measurements using significant unobservable inputs (Level III). The effect of these measurements on profit or loss and other comprehensive income for the period must be disclosed separately. This means for recurring fair value measurements categorized within Level III of the fair value hierarchy of financial assets and financial liabilities, if changing one or more of the unobservable inputs to reflect reasonably possible alternative assumptions would change fair value significantly, an entity shall state that fact and disclose the effect of such changes.

The table below shows the impact of changing certain reasonably possible assumptions for Level III financial assets measured at fair value. In estimating the impact mainly changes in credit spreads for bonds and loans and market values of comparable equities are relevant. For bonds and loans an increase (decrease) in credit spread of 100 basis points (75 basis points) leads to a corresponding decrease (increase) in fair value. For unquoted equity instruments an increase (decrease) in price of 10 per cent leads to a corresponding increase (decrease) in fair value.

Financial assets

2020	Carrying amount	Fair value changes	
in € thousand	Level III	Positive	Negative
Loans and advances	398,214	21,712	(23,658)
Debt securities	16,396	1,821	(1,821)
Income statement effect	**414,610**	**23,534**	**(25,479)**

2020	Carrying amount	Fair value changes	
in € thousand	Level III	Positive	Negative
Debt securities	0	0	0
Equity instruments	134,330	12,308	(10,564)
Other comprehensive income effect	**134,330**	**12,308**	**(10,564)**

In RBI Group, no material amounts of Level III financial liabilities currently exist and as a result no sensitivity analysis is disclosed. This disclosure is intended to illustrate the potential impact of the relative uncertainty in the fair value of financial instruments for which valuation is dependent on unobservable input parameters. However, it is unlikely in practice that all unobservable parameters would be simultaneously at the extremes of their ranges of reasonably possible alternatives. Hence, the estimates disclosed above are likely to be greater than the true uncertainty in fair value at the balance sheet date. Furthermore, the disclosure is neither predictive nor indicative of future movements in fair value.

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. With the introduction of IFRS 9, the calculation of the fair value of receivables and liabilities not reported at fair value was reclassified and, among other things, input factors are also used in the models which are not observable on the market, but which have a significant influence on the calculated value. A simplified fair value calculation method for retail and non-retail portfolios is applied for all short-term transactions (transactions with maturities up to three months). The fair value of these short-term transactions will be equal to the carrying amount of the product. For the other transactions the methodology as described in the section entitled Fair value of financial instruments reported at fair value is applied.

2020 in € thousand	Level I	Level II	Level III	Fair value	Carrying amount	Difference
Assets						
Cash, cash balances at central banks and other demand deposits	**0**	**33,660,024**	**0**	**33,660,024**	**33,660,024**	**0**
Financial assets - amortized cost	**12,515,599**	**1,461,285**	**105,528,545**	**119,505,429**	**116,596,068**	**2,909,361**
Debt securities	12,515,599	1,461,285	669,445	14,646,330	14,371,204	275,126
Loans and advances	0	0	104,859,099	104,859,099	102,224,864	2,634,235
Liabilities						
Financial liabilities - amortized cost	**0**	**10,232,090**	**131,522,558**	**141,754,648**	**141,281,224**	**473,424**
Deposits from banks and customers[1]	0	0	130,684,841	130,684,841	130,500,821	184,020
Debt securities issued	0	10,232,090	403,416	10,635,507	10,346,102	289,404
Other financial liabilities	0	0	434,301	434,301	434,301	0

1 Lease liabilities are not included according to IFRS 7.
Level I Quoted market prices
Level II Valuation techniques based on market data
Level III Valuation techniques not based on market data

2019 in € thousand	Level I	Level II	Level III	Fair value	Carrying amount	Difference
Assets						
Cash, cash balances at central banks and other demand deposits	**0**	**24,289,265**	**0**	**24,289,265**	**24,289,265**	**0**
Financial assets - amortized cost	**8,122,741**	**1,147,139**	**104,807,293**	**114,077,172**	**110,285,060**	**3,792,113**
Debt securities	8,122,741	1,147,139	877,714	10,147,594	9,973,175	174,419
Loans and advances	0	0	103,929,578	103,929,578	100,311,884	3,617,694
Liabilities						
Financial liabilities - amortized cost	**0**	**8,644,863**	**120,445,206**	**129,090,069**	**128,311,306**	**778,763**
Deposits from banks and customers[1]	0	0	119,544,413	119,544,413	119,039,858	504,555
Debt securities issued	0	8,644,863	408,979	9,053,842	8,779,634	274,208
Other financial liabilities	0	0	491,814	491,814	491,814	0

1 Lease liabilities are not included according to 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

The following table shows the loan commitments given, financial guarantees and other commitments given:

in € thousand	2020	2019
Loan commitments given	34,802,877	35,135,831
Financial guarantees given	7,228,439	7,908,756
Other commitments given	3,655,626	3,297,568
Total	**45,686,942**	**46,342,154**
Provisions for off-balance sheet items according to IFRS 9	(174,455)	(160,561)

In addition to the provisions for off-balance-sheet risks according to IFRS 9, provisions for other commitments given were recognized according to IAS 37 in the amount of € 1,204 thousand (2019: € 12,317 thousand).

The following table was prepared in accordance with § 51 (13) BWG and shows the nominal amount and provisions for off-balance-sheet liabilities from commitments and financial guarantees under IFRS 9:

2020		Nominal amount		Provisions for off-balance sheet items according to IFRS 9		
in € thousand	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
Central banks	92	0	0	0	0	0
General governments	377,368	1,579	0	(74)	(4)	0
Banks	1,994,216	107,845	0	(241)	(31)	0
Other financial corporations	4,990,536	263,810	11,247	(2,107)	(2,819)	(1,061)
Non-financial corporations	27,257,008	5,742,481	232,031	(35,634)	(48,692)	(60,440)
Households	3,628,772	1,067,774	12,185	(7,014)	(7,164)	(9,173)
Total	**38,247,991**	**7,183,488**	**255,464**	**(45,071)**	**(58,710)**	**(70,674)**

2019		Nominal amount		Provisions for off-balance sheet items according to IFRS 9		
in € thousand	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
Central banks	126	0	0	0	0	0
General governments	368,871	17,646	0	(34)	(282)	0
Banks	3,070,732	7,798	0	(258)	(10)	0
Other financial corporations	4,067,592	214,543	9,129	(3,528)	(642)	(593)
Non-financial corporations	31,234,797	2,262,408	306,904	(32,396)	(24,600)	(79,157)
Households	3,768,876	1,002,769	9,963	(7,498)	(4,536)	(7,027)
Total	**42,510,994**	**3,505,163**	**325,997**	**(43,715)**	**(30,069)**	**(86,777)**

(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 the financial assets – amortized cost by rating categories and stages:

2020 in € thousand	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	POCI Lifetime ECL	Total
Excellent	21,356,571	1,307,600	0	2,621	22,666,791
Strong	22,822,326	3,346,302	0	1,278	26,169,906
Good	33,330,860	7,660,636	0	6,186	40,997,682
Satisfactory	14,091,325	6,548,899	0	22,619	20,662,843
Substandard	747,188	1,931,388	0	12,671	2,691,248
Credit impaired	0	0	2,582,166	273,373	2,855,540
Unrated	2,634,528	466,839	15,668	2,313	3,119,348
Gross carrying amount	**94,982,798**	**21,261,664**	**2,597,834**	**321,062**	**119,163,358**
Accumulated impairment	(185,474)	(628,987)	(1,633,446)	(119,382)	(2,567,290)
Carrying amount	**94,797,324**	**20,632,677**	**964,388**	**201,679**	**116,596,068**

2019 in € thousand	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Excellent	12,747,620	507,212	0	13,254,832
Strong	30,091,873	3,807,414	0	33,899,288
Good	32,969,928	3,486,546	0	36,456,474
Satisfactory	17,850,690	3,199,416	0	21,050,106
Substandard	1,006,217	1,275,858	0	2,282,075
Credit impaired	0	0	2,863,792	2,863,792
Unrated	2,573,303	227,228	17	2,800,549
Gross carrying amount	**97,239,631**	**12,503,675**	**2,863,810**	**112,607,116**
Accumulated impairment	(182,517)	(341,813)	(1,797,727)	(2,322,057)
Carrying amount	**97,057,114**	**12,161,862**	**1,066,083**	**110,285,060**

In the reporting year, no longer defaulted, purchased or originated credit-impaired financial assets (POCI) are shown in a separate column. In the previous year, they were reported in Stage 2 and Stage 3. The category unrated includes financial assets for households for whom no ratings are available. The rating is therefore based on qualitative factors. These are mainly a portfolio of mortgage loans to households in the Czech Republic.

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

2020 in € thousand	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	POCI Lifetime ECL	Total
Excellent	1,315,434	0	0	0	1,315,434
Strong	2,775,624	0	0	0	2,775,624
Good	233,808	10,880	0	0	244,688
Satisfactory	223,374	35,182	0	0	258,556
Substandard	0	0	0	0	0
Credit impaired	0	0	0	0	0
Unrated	21,633	0	0	0	21,633
Gross carrying amount[1]	**4,569,873**	**46,062**	**0**	**0**	**4,615,934**
Accumulated impairment	(2,853)	(1,370)	0	0	(4,223)
Carrying amount	**4,567,020**	**44,692**	**0**	**0**	**4,611,711**

1 The gross carrying amount follows the definition under FINREP in Annex V 1.34(b).

2019 in € thousand	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Excellent	1,122,394	0	0	1,122,394
Strong	3,030,466	0	0	3,030,466
Good	125,175	93,902	0	219,077
Satisfactory	138,933	13,430	0	152,363
Substandard	0	0	0	0
Credit impaired	0	0	0	0
Unrated	31,055	0	0	31,055
Gross carrying amount[1]	**4,448,023**	**107,332**	**0**	**4,555,355**
Accumulated impairment	(1,437)	(1,179)	0	(2,615)
Carrying amount	**4,446,587**	**106,154**	**0**	**4,552,740**

1 The gross carrying amount follows the definition under FINREP in Annex V 1.34(b).

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

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

2020 in € thousand	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Excellent	1,660,843	274,576	0	1,935,419
Strong	13,406,005	1,069,164	0	14,475,169
Good	17,332,724	3,761,552	0	21,094,275
Satisfactory	5,112,321	1,639,091	0	6,751,413
Substandard	204,709	316,627	0	521,336
Credit impaired	0	0	255,054	255,054
Unrated	531,388	122,479	410	654,277
Nominal amount	**38,247,991**	**7,183,488**	**255,464**	**45,686,942**
Provisions for off-balance sheet items according to IFRS 9	(45,071)	(58,710)	(70,674)	(174,455)
Nominal amount after provisions	**38,202,919**	**7,124,778**	**184,790**	**45,512,487**

2019 in € thousand	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Excellent	2,970,644	184,548	0	3,155,192
Strong	16,688,109	1,300,958	112	17,989,179
Good	15,371,302	1,279,927	0	16,651,229
Satisfactory	6,869,429	548,330	0	7,417,759
Substandard	184,707	154,290	0	338,997
Credit impaired	0	0	325,885	325,885
Unrated	426,803	37,111	0	463,913
Nominal amount	**42,510,994**	**3,505,163**	**325,997**	**46,342,154**
Provisions for off-balance sheet items according to IFRS 9	(43,715)	(30,069)	(86,777)	(160,561)
Nominal amount after provisions	**42,467,279**	**3,475,094**	**239,220**	**46,181,593**

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

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

2020 in € thousand	Nominal amount	Fair value Assets	Liabilities
OTC products	**220,432,056**	**2,461,909**	**(2,339,885)**
Interest rate contracts	166,950,226	1,703,480	(1,516,167)
Equity contracts	3,345,711	119,140	(213,030)
Foreign exchange rate and gold contracts	50,136,120	639,289	(610,688)
Products traded on stock exchange	**1,610,445**	**28,621**	**(15,580)**
Interest rate contracts	128,326	0	(31)
Equity contracts	805,885	15,326	(14,078)
Foreign exchange rate and gold contracts	676,235	13,295	(1,470)
Other - Credit contracts, commodities and other contracts	**2,438,248**	**14,063**	**(98,116)**
Total	**224,480,749**	**2,504,593**	**(2,453,580)**

2019 in € thousand	Nominal amount	Fair value Assets	Liabilities
OTC products	**220,663,760**	**2,258,276**	**(2,089,351)**
Interest rate contracts	164,570,585	1,638,858	(1,335,626)
Equity contracts	3,571,817	155,639	(169,918)
Foreign exchange rate and gold contracts	52,521,357	463,779	(583,807)
Products traded on stock exchange	**3,126,929**	**26,471**	**(22,510)**
Interest rate contracts	206,100	68	0
Equity contracts	1,549,451	24,201	(15,315)
Foreign exchange rate and gold contracts	1,371,378	2,202	(7,196)
Other - Credit contracts, commodities and other contracts	**2,286,477**	**11,781**	**(103,799)**
Total	**226,077,166**	**2,296,528**	**(2,215,660)**

(35) Collateral and maximum exposure to credit risk

The following table contains details of the maximum exposure from financial assets not subject to impairment provisions and the financial assets subject to impairment provisions and reconciles these to the loans and advances non-trading which is the basis of the collateral disclosures below:

2020 in € thousand	Maximum exposure to credit risk 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	119,163,366	104,779,903
Financial assets - fair value through other comprehensive income[1]	0	4,615,934	0
Non-trading financial assets - mandatorily fair value through profit/loss	820,564	0	398,214
Financial assets - designated fair value through profit/loss	457,167	0	0
Financial assets - held for trading	4,172,879	0	0
On-balance	**5,450,610**	**123,779,301**	**105,178,116**
Loan commitments, financial guarantees and other commitments	0	45,686,942	45,686,942
Total	**5,450,610**	**169,466,243**	**150,865,058**

1 The gross carrying amount follows the definition under FINREP in Annex V 1.34(b).

2019	Maximum exposure to credit risk		
in € thousand	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	112,607,116	102,625,739
Financial assets - fair value through other comprehensive income[1]	0	4,555,355	0
Non-trading financial assets - mandatorily fair value through profit/loss	774,809	0	327,384
Financial assets - designated fair value through profit/loss	2,275,832	0	0
Financial assets - held for trading	3,755,827	0	0
On-balance	**6,806,469**	**117,162,472**	**102,953,123**
Loan commitments, financial guarantees and other commitments	0	46,342,154	46,342,154
Total	**6,806,469**	**163,504,626**	**149,295,277**

1 The gross carrying amount follows the definition under FINREP in 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 by a Group directive to ensure uniform standards of collateral evaluation. A valuation of collateral is performed during the credit approval process. This is then reviewed periodically using various validation processes. The main types of collateral which are accepted in RBI Group are residential and commercial real estate collateral, financial collateral, guarantees and movable goods. Long-term financing is generally secured and revolving credit facilities are generally unsecured. Debt securities are mainly unsecured, and derivatives can be secured by cash or master netting agreements. Collateral from leasing business is also included in the table. 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 table shows non-trading loans and advances as well as loan commitments, financial guarantees and other commitments that are subject to impairment:

2020 in € thousand	Maximum exposure to credit risk	Fair value of collateral	Credit risk exposure net of collateral
Central banks	6,761,877	318,212	6,443,665
General governments	2,118,374	702,559	1,415,815
Banks	5,194,029	2,545,008	2,649,021
Other financial corporations	9,311,260	4,835,925	4,475,335
Non-financial corporations	46,264,511	20,471,211	25,793,300
Households	35,528,065	22,695,012	12,833,053
Loan commitments, financial guarantees and other commitments	45,686,942	6,805,307	38,881,635
Total	**150,865,058**	**58,373,234**	**92,491,825**

2019 in € thousand	Maximum exposure to credit risk	Fair value of collateral	Credit risk exposure net of collateral
Central banks	4,602,195	172,082	4,430,113
General governments	1,199,445	531,364	668,081
Banks	4,836,988	2,355,627	2,481,361
Other financial corporations	9,886,800	4,813,403	5,073,397
Non-financial corporations	46,553,218	22,460,654	24,092,564
Households	35,874,477	22,406,778	13,467,700
Loan commitments, financial guarantees and other commitments	46,342,154	8,113,740	38,228,414
Total	**149,295,277**	**60,853,648**	**88,441,630**

Approximately two thirds of collateral which can be considered by RBI relate to loans collateralized by immovable property and of this more than 70 per cent is residential immovable property. Other sources of collateral include guarantees (15 per cent) and collateral from reverse repos and securities lending (22 per cent).

The following table contains details of the maximum exposure from financial assets in Stage 3 and the corresponding collateral:

2020 in € thousand	Maximum exposure to credit risk (Stage 3)	Fair value of collateral (Stage 3)	Credit risk exposure net of collateral (Stage 3)	Impairment (Stage 3)
Central banks	3	0	3	(3)
General governments	1,922	0	1,922	(1,881)
Banks	2,935	0	2,935	(2,900)
Other financial corporations	87,529	5,139	82,390	(32,196)
Non-financial corporations	1,468,891	424,119	1,044,772	(871,211)
Households	1,036,553	213,247	823,306	(725,256)
Loan commitments, financial guarantees and other commitments	255,464	19,139	236,325	(70,674)
Total	**2,853,298**	**661,644**	**2,191,654**	**(1,704,120)**

2019 in € thousand	Maximum exposure to credit risk (Stage 3)	Fair value of collateral (Stage 3)	Credit risk exposure net of collateral (Stage 3)	Impairment (Stage 3)
Central banks	0	0	0	0
General governments	2,250	0	2,250	(2,219)
Banks	3,857	0	3,857	(3,857)
Other financial corporations	63,852	76	63,776	(32,783)
Non-financial corporations	1,700,161	450,872	1,249,289	(995,995)
Households	1,093,691	224,267	869,424	(762,872)
Loan commitments, financial guarantees and other commitments	325,997	38,371	287,626	(86,777)
Total	**3,189,807**	**713,586**	**2,476,221**	**(1,884,504)**

RBI holds an immaterial amount of repossessed assets on its statement of financial position.

(36) Expected credit losses

The measurement of expected credit losses reflects an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes, the time value of money and reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

General approach

The measurement of impairment for expected credit loss on financial assets measured at amortized cost and fair value through other comprehensive income is an area that requires the use of complex models and significant assumptions about future economic conditions and payment behavior. Significant judgments are required in applying the accounting requirements for measuring expected credit losses, inter alia:

- Determining criteria for significant increase in credit risk
- Choosing appropriate models and assumptions for the measurement of expected credit losses
- Establishing the number and relative weightings of forward-looking scenarios for each type of product/market and the associated expected credit losses
- Establishing groups of similar financial assets for the purposes of measuring expected credit losses.

For RBI, credit risk comes from the risk of suffering financial loss should any of RBI's customers, clients or market counterparties fail to fulfil their contractual obligations. Credit risk arises mainly from interbank, commercial and personal loans, and loan commitments arising from such lending activities, but can also arise from financial guarantees given, such as, credit guarantees, letters of credit, and acceptances.

RBI is also exposed to other credit risks arising from investments in debt securities and from its trading activities (trading credit risks) including trade in non-equity trading portfolio assets and derivatives as well as settlement balances with market counterparties and reverse repurchase agreements.

The estimation of the credit risk for risk management purposes is complex and requires the use of models, as the risk varies with changes in market conditions, expected cash flows and the passage of time. The assessment of the credit risk of a portfolio of assets entails further estimations as to the likelihood of defaults occurring, the associated default ratios and the default correlations between counterparties. RBI measures credit risks using the probability of default (PD), exposure at default (EAD) and loss given default (LGD). This is the predominant approach used for the purposes of measuring expected credit losses under IFRS 9.

IFRS 9 prescribes a three-stage model for impairment based on changes in credit quality from the point of initial recognition. Under this model, a financial instrument that is not credit-impaired on initial recognition is classified in Stage 1 and has its credit risk continuously monitored. If a significant increase in credit risk since initial recognition is identified, the financial instrument is moved to Stage 2 but is not yet deemed to be credit-impaired. If the financial instrument is deemed credit-impaired, it is then moved to Stage 3.

Financial instruments in Stage 1 have their expected credit loss measured at an amount equal to the portion of lifetime expected credit losses that result from default events possible within the next twelve months. Instruments in Stages 2 or 3 have their expected credit losses measured based on expected credit losses on a lifetime basis. According to IFRS 9, when measuring expected credit losses it is necessary to consider forward-looking information. Purchased or originated credit-impaired financial assets (POCI) are those financial assets that are credit-impaired on initial recognition. Their expected credit loss is always measured on a lifetime basis.

Significant increase in the credit risk

RBI Group considers a financial instrument to have experienced a significant increase in credit risk when one or more of the following quantitative, qualitative or backstop criteria have been met:

Quantitative criteria

RBI uses quantitative criteria as the primary indicator of significant increase in credit risk for all material portfolios plus additionally qualitative criteria like 30 days past due or forbearance measures for a particular facility as backstop. For quantitative staging RBI compares the lifetime PD curve at reporting date with the forward lifetime PD curve at the date of initial recognition. Given the different nature of products between non-retail and retail, the methods for assessing potential significant increases also slightly differ.

For non-retail risk to make the two curves comparable the PDs are scaled down to annualized PDs. A significant increase in credit risk is considered to have occurred if the PD increase was 250 per cent or greater. For longer maturities the threshold of 250 per cent is reduced to account for a maturity effect.

For retail exposures on the other hand, the remaining cumulative PDs are compared as the logit difference between "Lifetime PD at reporting date" and "Lifetime PD at origination conditional to survival up to the reporting date". A significant increase in credit risk is considered to have occurred once this logit difference is above a certain threshold. The threshold levels are calculated separately for each portfolio which is covered by individual rating-based lifetime PD models. Based on historical data, the thresholds are estimated as the 50th quantile of the distribution of the above-mentioned logit differences on the worsening portfolio. This way, 50 per cent of the worsening in the lifetime PDs with the highest magnitude is deemed significant. That usually translates to a PD increase between 150 and up to 300 per cent, dependent on the default behavior of the different portfolios.

With regard to the threshold at which a financial instrument must be transferred to stage 2, RBI has decided on the aforementioned thresholds based on the current market practice.

Qualitative criteria

RBI uses qualitative criteria as a secondary indicator of a significant increase in credit risk for all material portfolios. A movement to Stage 2 takes place when the criteria below are met.

For sovereign, bank, corporate customer and project finance portfolios, if the borrower meets one or more of the following criteria:

- External market indicators
- Changes in contract terms
- Changes to management approach
- Expert judgment

The assessment of a significant increase in credit risk incorporates forward-looking information and is performed on a quarterly basis at an individual transaction level for all sovereign, bank, corporate customer and project finance portfolios held by RBI.

For retail portfolios, if the borrower meets one or more of the following criteria:

- Forbearance
- Default of other exposure of the same customer (PI segment)
- Holistic approach - Applicable for cases where new forward-looking information becomes available for a segment or portion of the portfolio and this information is not yet captured in the rating system. If such cases are identified, management measures this portfolio with lifetime expected credit losses (as a collective assessment).
- The assessment of significant increase in credit risk incorporates forward-looking information and is performed on a monthly basis at an individual transaction level for all retail portfolios held by RBI.

Backstop

A backstop is applied and the financial instrument considered to have experienced a significant increase in credit risk if the borrower is more than 30 days overdue on its contractual payments. In a few limited cases, the presumption that financial assets which are more than 30 days overdue should be moved to Stage 2, is rebutted.

Low credit risk exemption

In selected cases for mostly sovereign debt securities RBI makes use of the low credit risk exemption. All securities which are presented as low credit risk have a rating equivalent to investment grade or better i.e. minimum S&P BBB-, Moody's Baa3 or Fitch BBB-. RBI has not used the low credit risk exemption for any lending business.

Definition of default and credit-impaired assets

In 2016, the European Banking Authority published guidelines on the definition of default (EBA/GL/2016/07), which include a long list of clarifications and changes to indications of default, materiality thresholds and related topics such as criteria regarding the past due status, indications of insolvency, and criteria regarding cure rates and restructuring. The new definition of default leads to material changes to the IRB approach, which forces banks to adjust their models. These adjustments must be approved by the competent regulators prior to implementation (Delegated Regulation EU 529/2014).

The definition of default used to calculate expected credit losses is the same definition of default used for internal credit risk management practices. Default is assessed by referring to quantitative and qualitative triggers. Firstly, a borrower is considered to be defaulted if they are assessed to be more than 90 days past due on a material credit obligation. No attempt is made to rebut the presumption that financial assets which are more than 90 days past due are to be shown in Stage 3. Secondly, a borrower is considered to be defaulted if they meet the unlikeliness to pay criteria, which indicate that the borrower is in significant financial difficulty and unlikely to repay any credit obligation in full. The default definition has been applied consistently to model the Probability of Default (PD), Exposure at Default (EAD) and Loss given Default (LGD) throughout RBI's expected loss calculations. A credit obligation is considered to no longer be in default after a probation period of minimum three months (six months after a distressed restructuring in retail), where during the probation period the customer demonstrated good payment discipline and no other indication of unlikeliness to pay was observed.

Explanation of inputs, assumptions and estimation techniques

The expected credit loss is measured on either a twelve-month or lifetime basis depending on whether a significant increase in credit risk has occurred since initial recognition or whether an asset is considered to be credit-impaired. Forward-looking eco nomic information is also included in determining the twelve -month and lifetime PD, EAD and LGD. These assumptions vary by product type. Expected credit losses are the discounted product of the probability of default (PD), loss given default (LGD), exposure at default (EAD) and discount factor (D).

Probability of Default (PD)

The probability of default represents the likelihood of a borrower defaulting on its financial obligation either over the next twelve months or over the remaining lifetime of the obligation. In general the lifetime probability of default is calculated using the regulatory twelve-month probability of default, stripped of any margin of conservatism, as a starting point. Thereafter various statistical methods are used to generate an estimate of how the default profile will develop from the point of initial recognition throughout the lifetime of the loan or portfolio of loans. The profile is based on historical observed data and parametric functions.

Different models have been used to estimate the default profile of outstanding lending amounts and these can be grouped into the following categories:

- Sovereign, local and regional governments, insurance companies and collective investment undertakings: The default profile is generated using a transition matrix approach. Forward-looking information is incorporated into the probability of default using the Vasicek one factor model.
- Corporate customers, project finance and financial institutions: The default profile is generated using a parametric survival regression (Weibull) approach. Forward-looking information is incorporated into the probability of default using the Vasicek one factor model. The default rate calibration is based on Kaplan Maier methodology with withdrawal adjustment.
- Retail lending and mortgage loans: The default profile is generated using parametric survival regression in competing risk frameworks. Forward-looking information is incorporated into the probability of default using satellite models.

In the limited circumstances where some inputs are not fully available grouping, averaging and benchmarking of inputs is used for the calculation.

Loss Given Default (LGD)

Loss given default represents RBI's expectation of the extent of loss on a defaulted exposure. Loss given default varies by type of counterparty and product. Loss given default is expressed as a percentage loss per unit of exposure at the time of default. Loss given default is calculated on a twelve-month or lifetime basis, where twelve-month loss given default is the percentage of loss expected to be made if the default occurs in the next twelve months and lifetime loss given default is the percentage of loss expected to be made if the default occurs over the remaining expected lifetime of the loan.

Different models have been used to estimate the loss given default of outstanding lending amounts and these can be grouped into the following categories:

- Sovereign: The loss given default is found by using market implied sources.
- Corporate customers, project finance, financial institutions, local and regional governments, insurance companies: The loss given default is generated by discounting cash flows collected during the workout process. Forward-looking information is incorporated into the loss given default using the Vasicek model.
- Retail lending and mortgage loans: The loss given default is generated by stripping the downturn adjustments and other margins of conservatism from the regulatory loss given default. Forward-looking information is incorporated into the loss given default using various satellite models.

In the limited circumstances where some inputs are not fully available alternative recovery models, benchmarking of inputs and expert judgment is used for the calculation.

Exposure at Default (EAD)

Exposure at default is based on the amounts RBI expects to be owed at the time of default, over the next twelve months or over the remaining lifetime. The twelve-month and lifetime EADs are determined based on the expected payment profile, which varies by product type. For amortizing products and bullet repayment loans, this is based on the contractual repayments owed by the borrower over a twelve-month or lifetime basis. Where relevant, early repayment/refinance assumptions are also considered in the calculation.

For revolving products, the exposure at default is predicted by taking current drawn balance and adding a credit conversion factor which allows for the expected drawdown of the remaining limit by the time of default. The prudential regulatory margins are removed from the credit conversion factor. In the limited circumstances where some inputs are not fully available benchmarking of inputs is used for the calculation.

Discount factor

In general for on balance sheet exposure which is not leasing or POCI the discount rate used in the expected credit loss calculation is the effective interest rate or an approximation thereof.

Calculation

The expected credit loss is the product of PD, LGD and EAD times the probability not to default prior to the considered time period. The latter is expressed by the survivorship function S. This effectively calculates future values of expected credit losses, which are then discounted back to the reporting date and summed. The calculated values of expected credit losses are then weighted by forward-looking scenario.

Different models have been used to estimate the provisions of outstanding lending amounts and these can be grouped into the following categories:

- Sovereign, corporate customers, project finance, financial institutions, local and regional governments, insurance companies and collective investment undertakings: Stage 3 provisions are calculated by workout managers who discount expected cash flows by the appropriate effective interest rate.
- Retail lending: Stage 3 provision is generated by calculating the statistically derived best estimate of expected loss which has been adjusted for indirect costs.

Shared credit risk characteristics

Almost all of the provisions under IFRS 9 are measured collectively. Only for non-retail Stage 3 are most of the provisions individually assessed. For expected credit losses provisions modelled on a collective basis a grouping of exposures is performed on the basis of shared credit risk characteristics so that the exposures within each group are similar. Retail exposure characteristics are grouped on country level, customer classification (households and SMEs), product level (e.g. mortgage, personal loans, overdraft facilities or credit cards), PD rating grades and LGD pools/loan-to-value bands. For each combination of the above characteristics an individual model was developed. Non-retail exposure characteristics are grouped on country and product level and are used as LGD and EAD parameters.

Forward-looking information

The assessment of significant increase in credit risk and the calculation of expected credit losses both incorporate forward-looking information. RBI has performed historical analysis and identified the key economic variables impacting credit risk and expected credit losses for each portfolio.

These economic variables and their associated impact on the probability of default, loss given default and exposure at default vary by category type. Forecasts of these economic variables (the base economic scenario) are provided by Raiffeisen Research on a quarterly basis and provide the best estimate view of the economy over the next three years. The set of forward-looking information also includes the credit clock used for improvement of the regression which reproduces the current state of the credit cycle and the derived outlook of the credit cycle development. After three years, to project the economic variables for the full remaining lifetime of each instrument, a mean reversion approach has been used, which means that economic variables tend to either a long-term average rate or a long-term average growth rate until maturity. The impact of these economic variables on the probability of default, loss given default and exposure at default has been determined by performing statistical regression to understand the impact changes in these variables have had historically on default rates and on the components of loss given default and exposure at default.

In addition to the base economic scenario, Raiffeisen Research also estimates an optimistic and a pessimistic scenario to ensure non-linearities are captured. RBI has concluded that three or fewer scenarios appropriately capture non-linearity. Expert judgment on idiosyncratic risks has also been applied in this process on the level of Raiffeisen Research in coordination with RBI Group risk management, resulting in selective adjustments to the optimistic and pessimistic scenarios. In case of a potential negative or positive forecast bias of selected macroeconomic indicators a potential bias correction might be performed on a single country level. In this respect the range of possible outcomes which is representative for each chosen scenario is taken into account. The probability-weighted expected credit losses are determined by running each scenario through the relevant expected credit loss (ECL) model and multiplying it by the appropriate scenario weighting.

As with any economic forecasts, the projections and likelihoods of occurrence are subject to a high degree of inherent uncertainty and therefore the actual outcomes may be significantly different to those projected. RBI considers these forecasts to represent its best estimate of the future outcomes and cover any potential non-linearities and asymmetries within RBI's different portfolios.

The most significant assumptions used as a starting point for the expected credit loss estimates at year-end are shown below (source: Raiffeisen Research, November 2020).

Real GDP		Full-Year 2021			Full-Year 2022			Full-Year 2023
	Scenario	Q4 2019	Q4 2020	Change	Q4 2019	Q4 2020	Change	Q4 2020
Bulgaria	Optimistic	4.2%	4.8%	0.6 PP	3.6%	4.4%	0.8 PP	3.6%
	Base	2.9%	3.0%	0.1 PP	2.5%	3.0%	0.5 PP	2.7%
	Pessimistic	0.7%	0.5%	(0.2) PP	0.7%	1.1%	0.4 PP	1.4%
Croatia	Optimistic	2.9%	7.3%	4.4 PP	2.7%	4.6%	1.9 PP	3.6%
	Base	1.8%	5.1%	3.3 PP	1.8%	3.0%	1.2 PP	2.5%
	Pessimistic	(1.2)%	2.1%	3.3 PP	(0.7)%	0.8%	1.5 PP	1.0%
Austria	Optimistic	2.0%	5.8%	3.8 PP	1.7%	3.0%	1.3 PP	1.6%
	Base	1.4%	5.1%	3.7 PP	1.2%	2.5%	1.3 PP	1.3%
	Pessimistic	(0.1)%	3.3%	3.4 PP	(0.1)%	1.1%	1.2 PP	0.4%
Poland	Optimistic	3.6%	4.7%	1.0 PP	3.1%	5.9%	2.8 PP	3.2%
	Base	3.2%	3.6%	0.4 PP	2.7%	5.1%	2.4 PP	2.7%
	Pessimistic	1.5%	2.1%	0.6 PP	1.3%	4.0%	2.7 PP	2.0%
Russia	Optimistic	3.1%	4.0%	1.0 PP	2.8%	2.6%	(0.2) PP	2.4%
	Base	1.3%	2.3%	1.0 PP	1.3%	1.3%	0.0 PP	1.5%
	Pessimistic	(2.2)%	(1.0)%	1.1 PP	(1.6)%	(1.2)%	0.4 PP	(0.2)%
Romania	Optimistic	3.5%	6.8%	3.3 PP	3.5%	5.9%	2.4 PP	4.8%
	Base	2.0%	4.2%	2.2 PP	2.3%	4.0%	1.8 PP	3.5%
	Pessimistic	(1.5)%	0.6%	2.1 PP	(0.6)%	1.3%	1.9 PP	1.7%
Slovakia	Optimistic	4.4%	7.2%	2.8 PP	4.1%	4.2%	0.1 PP	3.6%
	Base	2.5%	5.0%	2.5 PP	2.5%	2.5%	0.0 PP	2.5%
	Pessimistic	0.2%	1.9%	1.7 PP	0.6%	0.2%	(0.4) PP	1.0%
Czech Republic	Optimistic	2.9%	2.8%	(0.1) PP	3.1%	7.4%	4.3 PP	2.7%
	Base	1.8%	1.0%	(0.8) PP	2.2%	6.0%	3.9 PP	1.8%
	Pessimistic	(0.6)%	(1.5)%	(0.9) PP	0.2%	4.1%	4.0 PP	0.5%
Hungary	Optimistic	3.8%	5.9%	2.1 PP	4.1%	5.4%	1.4 PP	5.5%
	Base	3.2%	4.0%	0.8 PP	3.6%	4.0%	0.4 PP	4.5%
	Pessimistic	0.1%	1.3%	1.2 PP	1.0%	2.0%	1.0 PP	3.2%

Unemployment		Full-Year 2021			Full-Year 2022			Full-Year 2023
	Scenario	Q4 2019	Q4 2020	Change	Q4 2019	Q4 2020	Change	Q4 2020
Bulgaria	Optimistic	2.7%	2.1%	(0.6) PP	4.2%	2.6%	(1.7) PP	3.9%
	Base	6.0%	5.3%	(0.7) PP	7.0%	5.0%	(2.0) PP	5.5%
	Pessimistic	10.4%	9.8%	(0.7) PP	10.7%	8.3%	(2.4) PP	7.7%
Croatia	Optimistic	5.0%	4.9%	(0.1) PP	5.6%	5.0%	(0.5) PP	5.3%
	Base	6.3%	7.2%	0.9 PP	6.7%	6.8%	0.1 PP	6.5%
	Pessimistic	10.2%	10.4%	0.2 PP	10.0%	9.2%	(0.8) PP	8.1%
Austria	Optimistic	4.5%	5.0%	0.5 PP	4.9%	4.9%	0.0 PP	5.3%
	Base	4.8%	5.4%	0.6 PP	5.2%	5.2%	0.0 PP	5.5%
	Pessimistic	5.6%	6.0%	0.4 PP	5.8%	5.7%	(0.2) PP	5.8%
Poland	Optimistic	4.3%	3.4%	(0.8) PP	4.8%	3.7%	(1.1) PP	4.4%
	Base	6.3%	6.7%	0.4 PP	6.5%	6.2%	(0.3) PP	6.0%
	Pessimistic	10.5%	11.2%	0.7 PP	10.0%	9.6%	(0.4) PP	8.3%
Russia	Optimistic	3.2%	3.9%	0.7 PP	3.4%	4.1%	0.7 PP	4.0%
	Base	4.7%	5.1%	0.4 PP	4.6%	5.0%	0.4 PP	4.6%
	Pessimistic	6.5%	7.6%	1.0 PP	6.1%	6.9%	0.7 PP	5.8%
Romania	Optimistic	3.9%	5.0%	1.1 PP	4.8%	5.0%	0.2 PP	4.6%
	Base	4.6%	5.9%	1.3 PP	5.3%	5.6%	0.3 PP	5.0%
	Pessimistic	6.1%	7.7%	1.6 PP	6.6%	6.9%	0.4 PP	5.9%
Slovakia	Optimistic	2.2%	4.1%	1.9 PP	2.2%	3.9%	1.6 PP	4.0%
	Base	5.0%	7.1%	2.1 PP	4.5%	6.1%	1.5 PP	5.4%
	Pessimistic	8.9%	11.1%	2.2 PP	7.8%	9.1%	1.3 PP	7.5%
Czech Republic	Optimistic	2.5%	5.1%	2.6 PP	3.0%	5.2%	2.3 PP	4.7%
	Base	3.5%	6.4%	2.9 PP	3.8%	6.2%	2.4 PP	5.4%
	Pessimistic	5.5%	8.2%	2.8 PP	5.4%	7.6%	2.1 PP	6.3%
Hungary	Optimistic	2.7%	2.3%	(0.4) PP	2.7%	2.6%	(0.1) PP	2.8%
	Base	3.7%	4.1%	0.4 PP	3.5%	3.9%	0.4 PP	3.7%
	Pessimistic	6.2%	6.6%	0.4 PP	5.6%	5.8%	0.2 PP	4.9%

Lifetime bond rate		Full-Year 2021			Full-Year 2022			Full-Year 2023
	Scenario	Q4 2019	Q4 2020	Change	Q4 2019	Q4 2020	Change	Q4 2020
Bulgaria	Optimistic	0.4%	(0.2)%	(0.6) PP	0.5%	0.2%	(0.3) PP	0.5%
	Base	1.1%	0.5%	(0.6) PP	1.1%	0.8%	(0.4) PP	0.9%
	Pessimistic	3.8%	2.6%	(1.2) PP	3.3%	2.3%	(1.0) PP	1.9%
Croatia	Optimistic	0.0%	0.5%	0.5 PP	0.7%	0.8%	0.1 PP	1.1%
	Base	0.6%	1.1%	0.6 PP	1.1%	1.2%	0.1 PP	1.4%
	Pessimistic	2.7%	2.9%	0.2 PP	2.9%	2.5%	(0.4) PP	2.3%
Austria	Optimistic	(0.7)%	(0.8)%	(0.1) PP	0.1%	(0.5)%	(0.6) PP	(0.1)%
	Base	0.1%	(0.2)%	(0.3) PP	0.8%	(0.1)%	(0.8) PP	0.3%
	Pessimistic	2.4%	1.1%	(1.3) PP	2.7%	0.9%	(1.8) PP	0.9%
Poland	Optimistic	1.7%	0.8%	(0.9) PP	2.1%	1.2%	(1.0) PP	1.7%
	Base	2.5%	1.4%	(1.1) PP	2.8%	1.6%	(1.2) PP	2.0%
	Pessimistic	4.4%	3.0%	(1.4) PP	4.4%	2.8%	(1.6) PP	2.8%
Russia	Optimistic	5.7%	5.7%	0.0 PP	6.1%	6.0%	(0.2) PP	6.3%
	Base	7.0%	6.7%	(0.4) PP	7.3%	6.7%	(0.6) PP	6.8%
	Pessimistic	10.0%	9.1%	(0.9) PP	9.7%	8.5%	(1.2) PP	8.0%
Romania	Optimistic	2.7%	2.8%	0.1 PP	2.9%	3.4%	0.5 PP	4.0%
	Base	4.5%	4.2%	(0.3) PP	4.3%	4.4%	0.1 PP	4.7%
	Pessimistic	5.7%	5.4%	(0.3) PP	5.3%	5.4%	0.0 PP	5.3%
Slovakia	Optimistic	(0.5)%	(0.5)%	0.0 PP	0.3%	(0.3)%	(0.6) PP	0.2%
	Base	0.3%	0.1%	(0.2) PP	1.0%	0.2%	(0.8) PP	0.5%
	Pessimistic	2.5%	2.0%	(0.6) PP	2.8%	1.6%	(1.2) PP	1.4%
Czech Republic	Optimistic	0.0%	0.4%	0.4 PP	0.8%	0.8%	0.1 PP	1.4%
	Base	1.3%	1.1%	(0.2) PP	1.8%	1.4%	(0.5) PP	1.7%
	Pessimistic	3.4%	3.0%	(0.4) PP	3.6%	2.8%	(0.8) PP	2.7%
Hungary	Optimistic	1.8%	1.4%	(0.4) PP	2.3%	1.4%	(0.9) PP	2.2%
	Base	2.7%	2.2%	(0.5) PP	3.0%	2.0%	(1.0) PP	2.6%
	Pessimistic	5.6%	4.5%	(1.1) PP	5.5%	3.8%	(1.7) PP	3.8%

Real estate prices		Full-Year 2021			Full-Year 2022			Full-Year 2023
	Scenario	Q4 2019	Q4 2020	Change	Q4 2019	Q4 2020	Change	Q4 2020
Bulgaria	Optimistic	9.5%	11.8%	2.3 PP	6.6%	8.5%	1.9 PP	6.6%
	Base	4.8%	4.0%	(0.8) PP	2.7%	2.7%	0.0 PP	2.7%
	Pessimistic	0.1%	(2.0)%	(2.2) PP	(1.2)%	(1.8)%	(0.6) PP	(0.3)%
Croatia	Optimistic	13.5%	9.8%	(3.7) PP	9.5%	6.6%	(2.9) PP	5.4%
	Base	4.2%	5.0%	0.8 PP	1.7%	3.0%	1.3 PP	3.0%
	Pessimistic	(5.1)%	1.3%	6.4 PP	(6.1)%	0.2%	6.3 PP	1.1%
Austria	Optimistic	5.2%	8.3%	3.2 PP	4.3%	4.4%	0.1 PP	3.7%
	Base	1.4%	6.5%	5.1 PP	1.2%	3.0%	1.8 PP	2.8%
	Pessimistic	(2.4)%	5.1%	7.4 PP	(1.9)%	1.9%	3.8 PP	2.1%
Poland	Optimistic	5.5%	7.5%	2.0 PP	4.9%	5.4%	0.5 PP	4.8%
	Base	1.5%	5.0%	3.5 PP	1.5%	3.5%	2.0 PP	3.5%
	Pessimistic	(2.5)%	3.0%	5.6 PP	(1.9)%	2.0%	3.9 PP	2.5%
Russia	Optimistic	7.9%	10.9%	3.0 PP	5.4%	7.7%	2.2 PP	6.4%
	Base	3.5%	6.0%	2.5 PP	1.8%	4.0%	2.2 PP	4.0%
	Pessimistic	(0.9)%	1.1%	2.0 PP	(1.8)%	0.3%	2.2 PP	1.6%
Romania	Optimistic	6.5%	7.8%	1.3 PP	5.5%	5.2%	(0.3) PP	4.3%
	Base	2.8%	4.0%	1.2 PP	2.4%	2.4%	0.0 PP	2.4%
	Pessimistic	(0.9)%	1.1%	2.0 PP	(0.7)%	0.2%	0.9 PP	0.9%
Slovakia	Optimistic	6.8%	12.9%	6.1 PP	5.8%	8.9%	3.1 PP	6.9%
	Base	2.0%	5.0%	3.0 PP	1.8%	3.0%	1.2 PP	3.0%
	Pessimistic	(4.4)%	(1.1)%	3.2 PP	(3.5)%	(1.6)%	1.9 PP	(0.1)%
Czech Republic	Optimistic	6.7%	7.1%	0.4 PP	4.6%	5.3%	0.7 PP	4.6%
	Base	3.8%	4.0%	0.2 PP	2.2%	3.0%	0.8 PP	3.0%
	Pessimistic	(0.2)%	1.6%	1.8 PP	(1.2)%	1.2%	2.4 PP	1.8%
Hungary	Optimistic	8.0%	7.1%	(1.0) PP	6.7%	6.7%	0.0 PP	5.4%
	Base	3.5%	2.0%	(1.5) PP	2.9%	2.9%	0.0 PP	2.9%
	Pessimistic	(1.0)%	(1.9)%	(0.9) PP	(0.9)%	(0.1)%	0.8 PP	0.9%

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

In the base case it is assumed that the introduction of COVID-19 vaccinations will improve the economic outlook over the year 2021, with risks of setbacks still in the first half of 2021, but more stability and growth in the second half of the year, when the vaccinations are more widely available and a degree of normalization of economic life can be achieved. However, expected growth in 2021 only partly compensates for the slump in 2020 and pre-crisis levels are reached in the base case during 2022 at the earliest for most countries.

For the pessimistic and optimistic scenarios the methodology has been adapted due to the COVID-19 pandemic. RBI removed an additional adjustment for the position in the business cycle, as this adjustment would imply an even stronger recovery in 2021. In terms of interest rates, a return to previously higher rate levels looks unlikely, given continuously expansionary monetary policies. Therefore, interest rates also increase less in the pessimistic scenario. The deviation of the pessimistic scenario from the base scenario for GDP has been increased in comparison to the deviation of the optimistic scenario to reflect downside risks.

Post-model adjustments

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

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

2020 in € thousand	Modelled ECL	Post-model adjustments COVID-19 related		Other		Total		Total
Central banks	42	0	0.0%	0	0.0%	0	0.0%	42
General governments	10,316	1,714	16.6%	0	0.0%	1,714	16.6%	12,030
Banks	1,231	23	1.9%	1	0.0%	24	1.9%	1,255
Other financial corporations	46,122	0	0.0%	(0)	0.0%	(0)	0.0%	46,122
Non-financial corporations	208,667	202,710	97.1%	43,658	20.9%	246,367	118.1%	455,035
Households	334,331	56,060	16.8%	17,600	5.3%	73,660	22.0%	407,991
Total	**600,710**	**260,507**	**43.4%**	**61,258**	**10.2%**	**321,765**	**53.6%**	**922,474**

2019 in € thousand	Modelled ECL	Post-model adjustments COVID-19 related		Other		Total		Total
Central banks	118	–	–	0	0.0%	0	0.0%	118
General governments	6,547	–	–	0	0.0%	0	0.0%	6,547
Banks	699	–	–	0	0.0%	0	0.0%	699
Other financial corporations	18,207	–	–	0	0.0%	0	0.0%	18,207
Non-financial corporations	185,707	–	–	57,960	31.2%	57,960	31.2%	243,667
Households	296,891	–	–	34,600	11.7%	34,600	11.7%	331,491
Total	**508,170**	**–**	**–**	**92,560**	**18.2%**	**92,560**	**18.2%**	**600,612**

The post-model adjustments resulted in additional Stage 1 and 2 provisions of € 321,765 thousand (2019: € 92,560 thousand), of which € 260,507 thousand are COVID-19 related. In addition to Stage 1 and 2, post-model adjustments of € 2,000 thousand were taken into account in Stage 3.

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 majority of other post-model adjustments related to Russian corporate exposures to cover possible losses in connection with future sanctions. They also reflected slightly higher expected defaults on mortgage loans due to government-imposed interest rate clauses for retail customers in the Czech Republic and model adjustments for Croatia as a result of changed market expectations regarding the debt-to-income ratio.

Sensitivity analysis

To simulate a range for potential changes to estimates and the related changed impairments, the following sensitivity analyses of the most significant assumptions affecting the sensitivity of the expected impairments were performed as follows.

The sensitivity analysis involved a recalculation of the impairments for expected credit losses in the existing models. In cases in which the post-model adjustments were significant, the results of the recalculations were adjusted correspondingly in order to take account of that fact. As a result of the complexity of the model many drivers are not mutually exclusive.

The tables below provide a comparison between the reported accumulated impairment for expected credit losses for financial assets in Stages 1 and 2 (weighted by 25 per cent optimistic, 50 per cent base and 25 per cent pessimistic scenarios) and then each scenario weighted by 100 per cent on their own. The optimistic and pessimistic scenarios do not reflect extreme cases, but the average of the scenarios which are distributed in these cases. In general, IFRS 9-specific estimates of risk parameters take account of historical default information and in particular the current economic environment (point in time) without forward-looking information. The effects of the estimates based on macroeconomic forecasts are shown in the forward-looking component. This information is provided for illustrative purposes.

2020	Accumulated impairment (Stage 1 and 2)		
in € thousand	Simulated scenario	Point in time component	Forward looking component
100% Optimistic	821,698	870,261	(48,564)
100% Base	900,784	870,261	30,523
100% Pessimistic	1,067,868	870,261	197,607
Weighted average (25/50/25%)	**922,474**	**870,261**	**52,213**

2019	Accumulated impairment (Stage 1 and 2)		
in € thousand	Simulated scenario	Point in time component	Forward looking component
100% Optimistic	528,198	600,967	(72,770)
100% Base	592,069	600,967	(8,898)
100% Pessimistic	680,526	600,967	79,558
Weighted average (25/50/25%)	**600,730**	**600,967**	**(238)**

100 per cent weighted pessimistic scenario by country:

2020	Accumulated impairment (Stage 1 and 2)		
in € thousand	Simulated pessimistic scenario	Point in time component	Forward looking component
Austria	201,911	184,198	17,713
Russia	130,539	89,496	41,043
Romania	66,844	54,122	12,721
Czech Republic	137,150	101,272	35,878
Slovakia	81,304	70,803	10,501
Poland	58,298	49,280	9,018
Croatia	73,481	65,442	8,038
Bulgaria	57,564	49,444	8,120
Hungary	114,314	83,508	30,805
Other	146,463	122,694	23,770
100% Pessimistic	**1,067,868**	**870,261**	**197,607**

2019	Accumulated impairment (Stage 1 and 2)		
in € thousand	Simulated pessimistic scenario	Point in time component	Forward looking component
Austria	112,295	103,238	9,056
Russia	118,594	102,548	16,047
Romania	54,363	46,559	7,804
Czech Republic	80,866	70,710	10,156
Slovakia	56,129	50,191	5,939
Poland	38,366	37,136	1,230
Croatia	29,631	27,198	2,433
Bulgaria	32,599	31,643	956
Hungary	67,583	56,653	10,930
Other	90,099	75,091	15,008
100% Pessimistic	**680,526**	**600,967**	**79,558**

The tables below show the impact of staging on accumulated impairment for financial assets on the assumption that all accumulated impairment is measured based on 12-month expected losses (Stage 1).

2020	Accumulated impairment (Stage 1 and 2)		
in € thousand	Accumulated impairment if 100% in Stage 1	Weighted average (25/50/25%)	Additional amounts in Stage 2 due to staging
Austria	99,320	185,797	86,477
Russia	71,860	97,356	25,496
Romania	15,569	63,698	48,129
Czech Republic	73,027	111,920	38,894
Slovakia	38,147	71,568	33,421
Poland	20,370	50,533	30,163
Croatia	22,796	62,321	39,525
Bulgaria	26,244	49,671	23,427
Hungary	54,530	104,142	49,612
Other	82,410	125,467	43,058
Total	**504,273**	**922,474**	**418,202**

2019	Accumulated impairment (Stage 1 and 2)		
in € thousand	Accumulated impairment if 100% in Stage 1	Weighted average (25/50/25%)	Additional amounts in Stage 2 due to staging
Austria	62,079	102,515	40,436
Russia	56,058	102,418	46,360
Romania	14,458	49,778	35,321
Czech Republic	41,963	71,212	29,249
Slovakia	31,258	47,708	16,451
Poland	17,364	37,526	20,162
Croatia	11,257	25,980	14,723
Bulgaria	19,000	28,490	9,490
Hungary	25,026	57,762	32,736
Other	63,165	77,340	14,176
Total	**341,628**	**600,730**	**259,102**

The tables below show the impact of staging on RBI's accumulated impairment for financial assets by comparing the reported amounts accumulated for all performing assets subject to impairment with the special case where all accumulated impairment is measured based on twelve-month expected losses (Stage 1). For non-retail exposures a split has been made into industries which are expected to have a high, moderate or low expected loss impact due to the COVID-19 crisis. The industries which are expected to be highly impacted by COVID-19 are tourism, hotels and related industries as well as automobile, air travel, oil and gas, real estate and some consumer goods industries.

2020	Accumulated impairment (Stage 1 and 2)		
in € thousand	Accumulated impairment if 100% in Stage 1	Weighted average (25/50/25%)	Additional amounts in Stage 2 due to staging
High Impact	99,037	216,181	117,144
Moderate Impact	70,686	119,858	49,172
Low Impact	57,220	97,234	40,014
Retail	277,330	489,202	211,872
Total	**504,273**	**922,474**	**418,202**

2019	Accumulated impairment (Stage 1 and 2)		
in € thousand	Accumulated impairment if 100% in Stage 1	Weighted average (25/50/25%)	Additional amounts in Stage 2 due to staging
High Impact	37,713	78,361	40,647
Moderate Impact	46,749	70,858	24,109
Low Impact	57,789	89,851	32,062
Retail	199,377	361,660	162,283
Total	**341,628**	**600,730**	**259,102**

The table below shows the impact of staging on accumulated impairment for financial assets on the assumption that all accumulated impairment is measured based on lifetime expected losses (Stage 2).

2020	Accumulated impairment (Stage 1 and 2)		
in € thousand	Accumulated impairment if 100% in Stage 2	Weighted average (25/50/25%)	Additional amounts in Stage 2
Austria	278,994	185,797	93,197
Russia	136,042	97,356	38,686
Romania	108,989	63,698	45,291
Czech Republic	183,164	111,920	71,244
Slovakia	111,255	71,568	39,688
Poland	83,808	50,533	33,275
Croatia	90,495	62,321	28,174
Bulgaria	89,648	49,671	39,977
Hungary	196,455	104,142	92,313
Other	183,993	125,467	58,526
Total	**1,462,844**	**922,474**	**540,370**

2019	Accumulated impairment (Stage 1 and 2)		
in € thousand	Accumulated impairment if 100% in Stage 2	Weighted average (25/50/25%)	Additional amounts in Stage 2
Austria	189,818	102,515	87,304
Russia	131,214	102,418	28,796
Romania	104,991	49,778	55,213
Czech Republic	139,896	71,212	68,684
Slovakia	101,753	47,708	54,045
Poland	79,567	37,526	42,041
Croatia	64,857	25,980	38,877
Bulgaria	71,670	28,490	43,180
Hungary	157,425	57,762	99,663
Other	152,968	77,340	75,628
Total	**1,194,159**	**600,730**	**593,430**

The table below shows the impact of staging on RBI's accumulated impairment for financial assets by comparing the reported amounts accumulated for all performing assets subject to impairment with the special case where all accumulated impairment is measured based on lifetime expected losses (Stage 2). Non-retail industries were divided into high, moderate and low depending on the expected loss from the COVID-19 crisis. The industries which are expected to be highly impacted by COVID-19 are tourism, hotels and related industries as well as automobile, air travel, oil and gas, real estate and some consumer goods industries.

2020	Accumulated impairment (Stage 1 and 2)		
in € thousand	Accumulated impairment if 100% in Stage 2	Weighted average (25/50/25%)	Additional amounts in Stage 2
High Impact	275,331	216,181	59,150
Moderate Impact	178,897	119,858	59,039
Low Impact	181,379	97,234	84,145
Retail	827,238	489,202	338,036
Total	**1,462,844**	**922,474**	**540,370**

2019	Accumulated impairment (Stage 1 and 2)		
in € thousand	Accumulated impairment if 100% in Stage 2	Weighted average (25/50/25%)	Additional amounts in Stage 2
High Impact	138,180	78,361	59,819
Moderate Impact	135,996	70,858	65,138
Low Impact	175,657	89,851	85,807
Retail	744,326	361,660	382,666
Total	**1,194,159**	**600,730**	**593,430**

The table below provides a comparison between the reported accumulated impairment for expected credit losses for financial assets in Stage 3 and the pessimistic scenario weighted by 100 per cent. The pessimistic scenario does not reflect an extreme case, but the average of the scenarios which are distributed in this case.

2020	Accumulated impairment (Stage 3)		
in € thousand	Pessimistic scenario	Weighted average	Increase in provisions due to pessimistic scenario
Austria	499,004	465,988	33,016
Russia	250,464	157,887	92,577
Romania	139,158	127,459	11,699
Czech Republic	234,897	185,103	49,794
Slovakia	170,063	157,329	12,735
Poland	95,656	88,535	7,121
Croatia	129,762	84,339	45,423
Bulgaria	115,868	61,201	54,667
Hungary	168,140	148,778	19,361
Other	296,232	227,502	68,730
Total	**2,099,243**	**1,704,120**	**395,123**

2019	Accumulated impairment (Stage 3)		
in € thousand	Pessimistic scenario	Weighted average	Increase in provisions due to pessimistic scenario
Austria	546,043	494,482	51,560
Russia	192,726	147,889	44,837
Romania	214,967	187,448	27,519
Czech Republic	207,740	181,623	26,118
Slovakia	164,951	159,400	5,551
Poland	120,195	113,111	7,084
Croatia	159,222	104,958	54,264
Bulgaria	126,631	54,318	72,313
Hungary	165,969	153,095	12,874
Other	370,154	288,180	81,974
Total	**2,268,598**	**1,884,504**	**384,094**

Write-Offs

Loans and debt securities are written-off (either partially or fully) where there is no reasonable expectation of payment or recovery. This happens when the borrower no longer has income from operations and collateral values cannot generate sufficient cash flows to repay amounts subject to impairment. For the exposure of companies in bankruptcy, loans are written down to the value of the collateral if the company no longer generates cash flows from its operating business. The retail business takes into account qualitative factors. In cases where no payment has been made for one year, the outstanding amounts are written-off even though impaired assets may remain subject to enforcement activities. For the exposure of companies in gone concern cases, loans are written down to the value of the collateral if the company no longer generates cash flows from its operating business. The retail business takes into account qualitative factors. In cases where no payment has been made for one year, the outstanding amounts are written-off.

The contractual amount outstanding on financial assets that were written off and are still subject to enforcement activity was € 1,423,001 thousand (2019: € 1,716,563 thousand).

(37) Exposure to credit risk by stages

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

Gross carrying amount

in € thousand	2020 Stage 1	2020 Stage 2	2020 Stage 3	2020 POCI	2019 Stage 1	2019 Stage 2	2019 Stage 3
Central banks	7,971,623	3,699	3	0	6,095,262	3,972	0
General governments	11,916,497	763,708	1,922	0	7,228,687	418,954	2,250
Banks	6,828,955	121,610	2,935	0	5,873,185	56,686	3,857
Other financial corporations	8,346,412	1,430,668	87,529	9,686	9,323,741	1,008,954	63,852
Non-financial corporations	33,575,851	11,196,218	1,468,891	175,206	40,318,957	4,826,693	1,700,161
Households	26,343,461	7,745,761	1,036,553	136,169	28,399,798	6,188,418	1,093,691
Total	**94,982,798**	**21,261,664**	**2,597,834**	**321,062**	**97,239,631**	**12,503,675**	**2,863,810**

In the previous year, Stage 2 and 3 contained purchased or originated credit-impaired financial assets (POCI) of € 347,010 thousand. These are shown in a separate column in the reporting year.

Accumulated impairment

in € thousand	2020 Stage 1	2020 Stage 2	2020 Stage 3	2020 POCI	2019 Stage 1	2019 Stage 2	2019 Stage 3
Central banks	(42)	0	(3)	0	(118)	0	0
General governments	(6,292)	(2,666)	(1,881)	0	(1,879)	(2,150)	(2,219)
Banks	(772)	(147)	(2,900)	0	(322)	(34)	(3,857)
Other financial corporations	(5,632)	(35,549)	(32,196)	(4,048)	(7,093)	(6,918)	(32,783)
Non-financial corporations	(87,660)	(281,888)	(871,211)	(73,679)	(87,122)	(99,237)	(995,995)
Households	(85,076)	(308,737)	(725,256)	(41,655)	(85,984)	(233,473)	(762,872)
Total	**(185,474)**	**(628,987)**	**(1,633,446)**	**(119,382)**	**(182,517)**	**(341,813)**	**(1,797,727)**

In the previous year, Stage 2 and 3 contained accumulated purchased or originated credit-impaired financial assets (POCI) of minus € 120,417 thousand. These are shown in a separate column in the reporting year.

ECL coverage ratio

	2020 Stage 1	Stage 2	Stage 3	POCI	2019 Stage 1	Stage 2	Stage 3
Central banks	0.0%	0.0%	100.0%	–	0.0%	0.0%	–
General governments	0.1%	0.4%	97.8%	0.0%	0.0%	0.5%	98.6%
Banks	0.0%	0.1%	98.8%	–	0.0%	0.1%	100.0%
Other financial corporations	0.1%	2.5%	36.8%	41.8%	0.1%	0.7%	51.3%
Non-financial corporations	0.3%	2.5%	59.3%	42.1%	0.2%	2.1%	58.6%
Households	0.3%	4.0%	70.0%	30.6%	0.3%	3.8%	69.8%
Total	**0.2%**	**3.0%**	**62.9%**	**37.2%**	**0.2%**	**2.7%**	**62.8%**

The following breakdown of financial assets – amortized cost by region shows the high level of diversification of RBI's credit business in the European markets:

Gross carrying amount

in € thousand	2020 Stage 1	Stage 2	Stage 3	POCI	2019 Stage 1	Stage 2	Stage 3
Central Europe	31,459,595	7,947,342	786,923	73,500	31,779,824	4,712,543	926,176
hereof Czech Republic	14,476,163	2,771,804	261,639	13,872	14,300,941	1,997,337	227,897
hereof Hungary	5,256,124	1,127,774	136,559	20,870	4,888,372	441,399	195,090
hereof Slovakia	10,026,952	3,308,190	226,195	7,516	10,721,104	1,765,394	229,113
Southeastern Europe	16,204,099	3,700,740	680,834	121,797	16,696,427	2,196,692	738,915
hereof Romania	6,439,425	932,890	217,952	55,184	6,118,838	703,448	252,472
Eastern Europe	14,371,131	2,342,557	314,544	103,453	17,169,049	2,187,050	437,902
hereof Russia	11,363,648	1,824,415	247,876	76,678	13,626,415	1,839,175	262,317
Austria and other[1]	32,947,972	7,271,025	815,533	22,311	31,594,330	3,407,389	760,818
Total	**94,982,798**	**21,261,664**	**2,597,834**	**321,062**	**97,239,631**	**12,503,675**	**2,863,810**

1 Austria mainly includes the business of the head office and Raiffeisen Bausparkasse Gesellschaft m.b.H. Other also includes any consolidation effects.

In the previous year, Stage 2 and 3 contained purchased or originated credit-impaired financial assets (POCI) of € 347,010 thousand. These are shown in a separate column in the reporting year.

Accumulated impairment

in € thousand	2020 Stage 1	Stage 2	Stage 3	POCI	2019 Stage 1	Stage 2	Stage 3
Central Europe	(49,376)	(227,953)	(493,872)	(29,921)	(48,409)	(118,636)	(579,549)
hereof Czech Republic	(23,421)	(67,729)	(142,516)	1,380	(18,579)	(31,305)	(144,756)
hereof Hungary	(4,707)	(52,774)	(66,818)	(10,084)	(6,630)	(17,863)	(87,478)
hereof Slovakia	(17,115)	(47,873)	(156,545)	(2,251)	(18,002)	(24,864)	(158,671)
Southeastern Europe	(77,463)	(185,182)	(483,886)	(60,210)	(69,784)	(100,068)	(522,317)
hereof Romania	(39,231)	(63,173)	(172,892)	(17,655)	(28,017)	(37,536)	(170,169)
Eastern Europe	(38,198)	(74,225)	(202,879)	(24,653)	(40,041)	(68,430)	(262,794)
hereof Russia	(21,002)	(54,255)	(154,258)	(17,365)	(24,416)	(57,053)	(144,773)
Austria and other[1]	(20,438)	(141,628)	(452,810)	(4,599)	(24,283)	(54,678)	(433,066)
Total	**(185,474)**	**(628,987)**	**(1,633,446)**	**(119,382)**	**(182,517)**	**(341,813)**	**(1,797,727)**

1 Austria mainly includes the business of the head office and Raiffeisen Bausparkasse Gesellschaft m.b.H. Other also includes any consolidation effects.

In the previous year, Stage 2 and 3 contained accumulated purchased or originated credit-impaired financial assets (POCI) of minus € 120,417 thousand. These are shown in a separate column in the reporting year.

ECL coverage ratio

	2020				2019		
	Stage 1	Stage 2	Stage 3	POCI	Stage 1	Stage 2	Stage 3
Central Europe	0.2%	2.9%	62.8%	40.7%	0.2%	2.5%	62.6%
hereof Czech Republic	0.2%	2.4%	54.5%	–	0.1%	1.6%	63.5%
hereof Hungary	0.1%	4.7%	48.9%	48.3%	0.1%	4.0%	44.8%
hereof Slovakia	0.2%	1.5%	69.2%	30.0%	0.2%	1.4%	69.3%
Southeastern Europe	0.5%	5.0%	71.1%	49.4%	0.4%	4.6%	70.7%
hereof Romania	0.6%	6.8%	79.3%	32.0%	0.5%	5.3%	67.4%
Eastern Europe	0.3%	3.2%	64.5%	23.8%	0.2%	3.1%	60.0%
hereof Russia	0.2%	3.0%	62.2%	22.7%	0.2%	3.1%	55.2%
Austria and other[1]	0.1%	2.0%	55.5%	20.6%	0.1%	1.6%	56.9%
Total	**0.2%**	**3.0%**	**62.9%**	**37.2%**	**0.2%**	**2.7%**	**62.8%**

1 Austria mainly includes the business of the head office and Raiffeisen Bausparkasse Gesellschaft m.b.H. Other also includes any consolidation effects.

Stage 1 amounts include assets in the amount of € 12,876,640 thousand (2019: € 10,034,042 thousand), for which the low credit risk exemption has been used. RBI has financial instruments in the amount of € 1,707,204 thousand (2019: € 1,229,826 thousand) with no expected credit losses due to collateral.

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

2020 in € thousand	Nominal amount Stage 1	 Stage 2	 Stage 3	Provisions for off-balance sheet items according to IFRS 9 Stage 1	 Stage 2	 Stage 3	ECL Coverage Ratio Stage 1	 Stage 2	 Stage 3
Central banks	92	0	0	0	0	0	0.1%	–	–
General governments	377,368	1,579	0	(74)	(4)	0	0.0%	0.3%	–
Banks	1,994,216	107,845	0	(241)	(31)	0	0.0%	0.0%	–
Other financial corporations	4,990,536	263,810	11,247	(2,107)	(2,819)	(1,061)	0.0%	1.1%	9.4%
Non-financial corporations	27,257,008	5,742,481	232,031	(35,634)	(48,692)	(60,440)	0.1%	0.8%	26.0%
Households	3,628,772	1,067,774	12,185	(7,014)	(7,164)	(9,173)	0.2%	0.7%	75.3%
Total	**38,247,991**	**7,183,488**	**255,464**	**(45,071)**	**(58,710)**	**(70,674)**	**0.1%**	**0.8%**	**27.7%**

2019 in € thousand	Nominal amount Stage 1	 Stage 2	 Stage 3	Provisions for off-balance sheet items according to IFRS 9 Stage 1	 Stage 2	 Stage 3	ECL Coverage Ratio Stage 1	 Stage 2	 Stage 3
Central banks	126	0	0	0	0	0	0.1%	–	–
General governments	368,871	17,646	0	(34)	(282)	0	0.0%	1.6%	–
Banks	3,070,732	7,798	0	(258)	(10)	0	0.0%	0.1%	–
Other financial corporations	4,067,592	214,543	9,129	(3,528)	(642)	(593)	0.1%	0.3%	6.5%
Non-financial corporations	31,234,797	2,262,408	306,904	(32,396)	(24,600)	(79,157)	0.1%	1.1%	25.8%
Households	3,768,876	1,002,769	9,963	(7,498)	(4,536)	(7,027)	0.2%	0.5%	70.5%
Total	**42,510,994**	**3,505,163**	**325,997**	**(43,715)**	**(30,069)**	**(86,777)**	**0.1%**	**0.9%**	**26.6%**

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

2020	Gross carrying amount		Impairment		ECL Coverage Ratio	
in € thousand	12-month ECL	Lifetime ECL	12-month ECL	Lifetime ECL	12-month ECL	Lifetime ECL
Movement from 12-month ECL to lifetime ECL	**(11,302,083)**	**11,302,083**	**(41,053)**	**507,686**	**0.4%**	**4.5%**
Central banks	0	0	0	0	–	–
General governments	(76,567)	76,567	(44)	454	0.1%	0.6%
Banks	(99,555)	99,555	(7)	113	0.0%	0.1%
Other financial corporations	(461,939)	461,939	(2,408)	24,357	0.5%	5.3%
Non-financial corporations	(6,550,833)	6,550,833	(21,966)	227,288	0.3%	3.5%
Households	(4,113,190)	4,113,190	(16,628)	255,474	0.4%	6.2%
Movement from lifetime ECL to 12-month ECL	**3,309,311**	**(3,309,311)**	**9,034**	**(69,012)**	**0.3%**	**2.1%**
Central banks	0	0	0	0	–	–
General governments	250,815	(250,815)	652	(2,116)	0.3%	0.8%
Banks	16,152	(16,152)	1	(3)	0.0%	0.0%
Other financial corporations	155,025	(155,025)	75	(407)	0.0%	0.3%
Non-financial corporations	1,322,079	(1,322,079)	2,873	(15,820)	0.2%	1.2%
Households	1,565,241	(1,565,241)	5,433	(50,665)	0.3%	3.2%

The increase in expected credit losses arising from the measurement of the loss allowance moving from twelve-month expected credit losses to lifetime losses was € 466,633 thousand (2019: € 269,552 thousand). The decrease in expected credit losses arising from the measurement of the loss allowance moving from lifetime losses to twelve-month expected credit losses was € 59,978 thousand (2019: € 102,138 thousand).

2019	Gross carrying amount		Impairment		ECL Coverage Ratio	
in € thousand	12-month ECL	Lifetime ECL	12-month ECL	Lifetime ECL	12-month ECL	Lifetime ECL
Movement from 12-month ECL to lifetime ECL	**(4,454,153)**	**4,454,153**	**(31,543)**	**301,094**	**0.7%**	**6.8%**
Central banks	0	0	0	0	–	–
General governments	(86,461)	86,461	(314)	2,086	0.4%	2.4%
Banks	(9,515)	9,515	0	0	0.0%	0.0%
Other financial corporations	(138,260)	138,260	(18)	733	0.0%	0.5%
Non-financial corporations	(1,689,689)	1,689,689	(7,526)	66,016	0.4%	3.9%
Households	(2,530,228)	2,530,228	(23,684)	232,260	0.9%	9.2%
Movement from lifetime ECL to 12-month ECL	**3,249,005**	**(3,249,005)**	**43,792**	**(145,930)**	**1.3%**	**4.5%**
Central banks	0	0	0	0	–	–
General governments	175,357	(175,357)	35	(227)	0.0%	0.1%
Banks	158,958	(158,958)	5	(41)	0.0%	0.0%
Other financial corporations	205,695	(205,695)	5	(344)	0.0%	0.2%
Non-financial corporations	1,095,500	(1,095,500)	8,306	(27,426)	0.8%	2.5%
Households	1,613,496	(1,613,496)	35,441	(117,891)	2.2%	7.3%

(38) Development of impairments

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

in € thousand	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	POCI Lifetime ECL	Total
As at 31/12/2019	**183,954**	**342,992**	**1,797,727**	**0**	**2,324,673**
Adjustment to Opening Balance	0	451	(113,535)	113,085	0
As at 1/1/2020	**183,954**	**343,443**	**1,684,191**	**113,085**	**2,324,673**
Increases due to origination and acquisition	100,731	53,916	49,805	9,282	213,734
Decreases due to derecognition	(31,233)	(57,878)	(228,575)	(17,242)	(334,929)
Changes due to change in credit risk (net)	(54,212)	310,145	459,999	34,815	750,747
Changes due to modifications without derecognition (net)	71	(252)	77	39	(66)
Decrease due to write-offs	(115)	(995)	(239,467)	(14,308)	(254,885)
Changes due to model/risk parameters	51	1,703	(5,067)	(233)	(3,547)
Change in consolidated group	0	(13)	101	0	88
Foreign exchange and other	(10,859)	(19,711)	(87,615)	(6,055)	(124,240)
As at 31/12/2020	**188,388**	**630,358**	**1,633,447**	**119,382**	**2,571,575**

in € thousand	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
As at 1/1/2019	**170,512**	**332,789**	**1,986,355**	**2,489,656**
Increases due to origination and acquisition	100,549	31,573	53,225	185,347
Decreases due to derecognition	(44,739)	(44,489)	(342,089)	(431,317)
Changes due to change in credit risk (net)	(46,611)	11,938	389,105	354,432
Changes due to modifications without derecognition (net)	(26)	(109)	6,135	6,000
Decrease due to write-offs	(495)	(2,411)	(413,237)	(416,143)
Changes due to model/risk parameters	(322)	4,379	74,054	78,111
Change in consolidated group	(24)	(54)	10,347	10,269
Foreign exchange and other	5,109	9,376	33,833	48,319
As at 31/12/2019	**183,954**	**342,992**	**1,797,727**	**2,324,673**

Development of provisions for loan commitments, financial guarantees and other commitments given:

in € thousand	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
As at 1/1/2020	**43,715**	**30,069**	**86,777**	**160,561**
Increases due to origination and acquisition	34,566	14,019	8,284	56,869
Decreases due to derecognition	(15,851)	(17,607)	(19,964)	(53,422)
Changes due to change in credit risk (net)	(13,105)	35,255	(1,345)	20,805
Changes due to modifications without derecognition (net)	0	0	0	0
Decrease due to write-offs	0	0	0	0
Changes due to model/risk parameters	34	(8)	(12)	14
Change in consolidated group	0	(8)	0	(8)
Foreign exchange and other	(4,288)	(3,009)	(3,066)	(10,364)
As at 31/12/2020	**45,072**	**58,710**	**70,674**	**174,455**

in € thousand	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
As at 1/1/2019	**36,638**	**32,253**	**56,860**	**125,750**
Increases due to origination and acquisition	34,979	6,980	16,192	58,150
Decreases due to derecognition	(11,757)	(6,981)	(12,759)	(31,497)
Changes due to change in credit risk (net)	(18,069)	(2,644)	26,279	5,566
Changes due to modifications without derecognition (net)	0	0	1	1
Decrease due to write-offs	0	0	0	0
Changes due to model/risk parameters	(381)	(486)	(387)	(1,255)
Change in consolidated group	0	1	0	1
Foreign exchange and other	2,307	945	593	3,845
As at 31/12/2019	**43,715**	**30,069**	**86,777**	**160,561**

Breakdown of impairments and provisions by asset classes:

2020 in € thousand	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	POCI Lifetime ECL	Total
Loans and debt securities	**188,327**	**630,357**	**1,633,446**	**119,382**	**2,571,513**
Central banks	42	0	3	0	45
General governments	9,008	2,943	1,881	0	13,832
Banks	846	140	2,900	0	3,886
Other financial corporations	5,647	35,560	32,196	4,048	77,450
Non-financial corporations	87,708	282,978	871,211	73,679	1,315,576
Households	85,076	308,737	725,256	41,655	1,160,724
Cash, cash balances at central banks and other demand deposits	**61**	**1**	**1**	**0**	**62**
Loan commitments, financial guarantees and other commitments given	**45,072**	**58,710**	**70,674**	**0**	**174,455**
Total	**233,459**	**689,068**	**1,704,121**	**119,382**	**2,746,030**

2019 in € thousand	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Loans and debt securities	**183,954**	**342,992**	**1,797,727**	**2,324,673**
Central banks	118	0	0	118
General governments	3,155	3,076	2,219	8,450
Banks	417	27	3,857	4,300
Other financial corporations	7,120	6,928	32,783	46,831
Non-financial corporations	87,162	99,487	995,995	1,182,643
Households	85,984	233,473	762,872	1,082,329
Loan commitments, financial guarantees and other commitments given	**43,715**	**30,069**	**86,777**	**160,561**
Total	**227,669**	**373,061**	**1,884,504**	**2,485,234**

In the previous year, Stage 2 and 3 contained accumulated purchased or originated credit-impaired financial assets (POCI) of minus € 120,417 thousand. These are shown in a separate column in the reporting year.

(39) Modified assets

Changes in contractual cashflows of financial assets are examined on the basis of qualitative and qualitative 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 change since the start of the year from minus € 1,940 thousand to minus € 40,836 thousand was mainly due to the introduction of COVID-19 measures in countries in which RBI operates as of the end of March 2020. Because interest unpaid due to payment holidays permitted under the legislative measures is not allowed to result in compound interest, the gross carrying amount of the affected loans was reduced, which led to net modification losses.

The share of modification losses relating to COVID-19 measures was € 29,415 thousand.

2020 **in € thousand**	**Stage 1**	**Stage 2**	**Stage 3**	**POCI**	**Total**
Net modifications gains/losses of financial assets	(25,545)	(12,960)	(2,032)	(298)	(40,836)
Amortized cost before the modification of financial assets	4,143,521	2,193,967	277,015	55,736	6,670,239
Gross carrying amount of modified assets as of 31/12, which moved to Stage 1 during the year	–	25,451	0	0	25,451

2019 **in € thousand**	**Stage 1**	**Stage 2**	**Stage 3**	**POCI**	**Total**
Net modifications gains/losses of financial assets	(2,881)	(47)	826	164	(1,938)
Amortized cost before the modification of financial assets	1,832,152	170,822	48,542	3,521	2,055,038
Gross carrying amount of modified assets as of 31/12, which moved to Stage 1 during the year	–	21,072	0	0	21,072

(40) Offsetting of financial assets and liabilities

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

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

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

2020	**Gross amount**		**Net amount**	**Amounts from global netting agreements**		**Net amount**
in € thousand	**recognized financial assets**	**recognized financial liabilities set-off**	**recognized financial assets**	**Financial instruments**	**Cash collateral received**	
Derivatives (legally enforceable)	4,746,262	2,455,114	2,291,148	1,346,333	97,285	847,530
Repurchase, securities lending and similar agreements (legally enforceable)	13,116,578	0	13,116,578	12,926,414	0	190,164
Total	**17,862,840**	**2,455,114**	**15,407,726**	**14,272,746**	**97,285**	**1,037,694**

2020 in € thousand	Gross amount recognized financial liabilities	recognized financial assets set-off	Net amount recognized financial liabilities	Amounts from global netting agreements Financial instruments	Cash collateral received	Net amount
Derivatives (legally enforceable)	4,718,199	2,455,114	2,263,084	1,317,248	160,235	785,601
Reverse repurchase, securities lending and similar agreements (legally enforceable)	801,712	0	801,712	792,965	0	8,747
Total	**5,519,910**	**2,455,114**	**3,064,796**	**2,110,213**	**160,235**	**794,347**

In 2020, assets which were not subject to legally enforceable netting agreements amounted to € 150,678,827 thousand (2019: € 138,960,937 thousand), of which an immaterial part was accounted for by derivative financial instruments and cash balances from reverse repo business. Liabilities which were not subject to legally enforceable netting agreements totaled € 148,606,030 thousand in 2020 (2019: € 135,614,259 thousand), of which only an immaterial part was accounted for by derivative financial instruments and cash deposits from repo business.

2019 in € thousand	Gross amount recognized financial assets	recognized financial liabilities set-off	Net amount recognized financial assets	Amounts from global netting agreements Financial instruments	Cash collateral received	Net amount
Derivatives (legally enforceable)	3,962,748	1,866,344	2,096,404	1,246,876	138,598	710,930
Repurchase, securities lending and similar agreements (legally enforceable)	11,142,163	0	11,142,163	11,100,094	0	42,068
Total	**15,104,911**	**1,866,344**	**13,238,567**	**12,346,971**	**138,598**	**752,998**

2019 in € thousand	Gross amount recognized financial liabilities	recognized financial assets set-off	Net amount recognized financial liabilities	Amounts from global netting agreements Financial instruments	Cash collateral received	Net amount
Derivatives (legally enforceable)	3,891,272	1,866,344	2,024,928	1,152,669	147,947	724,312
Reverse repurchase, securities lending and similar agreements (legally enforceable)	795,334	0	795,334	779,854	0	15,479
Total	**4,686,605**	**1,866,344**	**2,820,261**	**1,932,523**	**147,947**	**739,791**

(41) Securitization (RBI as originator)

Securitization represents a particular form of refinancing and credit risk enhancement under which risks from loans or lease agreements are packaged into portfolios and placed with capital market investors. The objective of the Group's securitization transactions is to relieve Group regulatory total capital and to use additional refinancing sources.

The following transactions for all or at least some tranches were executed with external contractual partners, were still active in the reporting year and resulted in a credit risk mitigation which led to a reduction in risk-weighted assets in regulatory reporting. The stated amounts represent the securitized portfolio and the underlying receivables as well as the externally placed tranche at the balance sheet date.

2020 in € thousand	Date of contract	End of maturity	Max. volume	Securitized portfolio	Outstanding portfolio[4]	Portfolio	Externally placed tranche	Amount of the externally placed tranche
Synthetic Transaction ROOF MORTGAGES 2020	Dec. 2020	Dec. 2030	3,338,372	3,212,435	3,389,693	Building society loans	Mezzanine	175,078
Synthetic Transaction ROOF CRE 2019[1]	Oct. 2019	Sept. 2029	1,262,072	1,262,072	3,486,985	Corporate customers, Project finance	Mezzanine	94,700
Synthetic Transaction ROOF Slovakia 2017[2]	Nov. 2017	April 2025	1,231,926	955,096	1,667,455	Company loans	Mezzanine	83,800
Synthetic Transaction EIF JEREMIE Romania[3]	Dec. 2010	Dec. 2023	172,500	1,476	1,845	SME loans	Junior	1,691
Synthetic Transaction EIF JEREMIE Slovakia	March 2014	June 2025	60,000	2,003	2,862	SME loans	Junior	2,003
Synthetic Transaction EIF Western Balkans EDIF Albania	Dec. 2016	June 2028	18,857	7,080	10,114	SME loans	Junior	2,975
Synthetic Transaction EIF Western Balkans EDIF Croatia	April 2015	May 2023	20,000	957	1,367	SME loans	Junior	211

1 Junior tranche held in the Group
2 Junior tranche held in the Group
3 The senior tranche has fully amortised, while the remaining contractual amount of the externally placed junior tranche is marginally larger than the amount of the securitized portfolio
4 Outstanding portfolio (securitized and retained)
SME: Small and medium-sized enterprises

In 2020, the Group executed a new synthetic transaction, ROOF MORTGAGES 2020, which was split into a senior, a mezzanine and a junior tranche. The credit risk of the mezzanine tranche in the amount of € 181,000 thousand is guaranteed by institutional investors, while the credit risk of the junior and senior tranches is retained.

The synthetic transaction, ROOF CRE 2019, is split into a senior, a mezzanine and a junior tranche. The credit risk of the mezzanine tranche in the amount of € 94,700 thousand is guaranteed by an institutional investor, while the credit risk of the junior and senior tranches is retained.

The synthetic transaction, ROOF Slovakia 2017, is split into a senior, a mezzanine and a junior tranche. The credit risk of the mezzanine tranche in the amount of € 83,800 thousand was sold to institutional investors, while the credit risk of the junior and senior tranches is retained.

As part of the JEREMIE initiative, the participating subsidiaries (Raiffeisenbank S.A., Bucharest, and Tatra banka a.s., Bratislava) have received guarantees from the European Investment Fund (EIF) to support lending to small and medium-sized enterprises. Since 2016 the Slovakian JEREMIE transaction has been converted into a funded credit guarantee via a Slovakian state-owned fund, EIF is no longer part of the transaction.

As part of the Western Balkans Enterprise Development and Innovation Facility, the participating subsidiaries (Raiffeisenbank Sh.a., Tirana, and Raiffeisenbank Austria d.d., Zagreb) each signed a portfolio guarantee agreement which was funded by the EU and which, like the JEREMIE initiatives, is aimed at providing access to finance for small and medium-sized enterprises.

As part of the EaSI initiative, Raiffeisenbank S.A., Bucharest, signed a portfolio guarantee agreement which was funded by the EU and which, like the JEREMIE initiatives, is aimed at providing access to finance for small and medium-sized enterprises.

As part of the COSME initiative, Raiffeisenbank S.A., Bucharest, signed a portfolio guarantee agreement in 2017, which was funded by the EU and which, like the JEREMIE initiatives, is aimed at providing access to finance for small and medium-sized enterprises. Significant risk transfer for this transaction is being recognized from year-end 2020 onwards.

(42) Transferred assets

The Group enters into transactions that result in the transfer of trading assets, financial investments and loans and advances to customers. The transferred financial assets continue to be recognized in their entirety or to the extent of the Group's continuing involvement, or are derecognized in their entirety. The Group transfers financial assets that are not derecognized in their entirety or for which the Group has continuing involvement primarily through sale and repurchase of securities, securities lending and securitization activities.

Transferred financial assets not derecognized

Sale and repurchase agreements are transactions in which the Group sells a security and simultaneously agrees to repurchase it at a fixed price on a future date. The Group continues to recognize the securities in their entirety in the statement of financial position because it retains substantially all of the risks and rewards of ownership. The cash consideration received is recognized as a financial asset and a financial liability is recognized for the obligation to pay the repurchase price. Because the Group sells the contractual rights to the cash flows of the securities, it does not have the ability to use the transferred assets during the term of the arrangement.

Securities lending agreements are transactions in which the Group lends securities for a fee and receives cash as collateral. The Group continues to recognize the securities in their entirety in the statement of financial position because it retains substantially all of the risks and rewards of ownership. The cash received is recognized as a financial asset and a financial liability is recognized for the obligation to repay it. Because as part of the lending arrangement the Group sells the contractual rights to the cash flows of the securities, it does not have the ability to use the transferred assets during the term of the arrangement.

Loans and advances to customers are sold by the Group to securitization vehicles that in turn issue notes to investors collateralized by the purchased assets. In the securitizations in which the Group transfers loans and advances to an unconsolidated securitization vehicle, it retains some credit risk while transferring some credit risk, prepayment and interest rate risk to the vehicle. The Group therefore does not retain or transfer substantially all of the risks and rewards of such assets.

Carrying amounts of financial assets transferred, but not derecognized:

2020	Transferred assets			Associated liabilities		
in € thousand	Carrying amount	hereof securitizations	hereof repurchase agreements	Carrying amount	hereof securitizations	hereof repurchase agreements
Financial assets - held for trading	8,045	0	8,045	8,045	0	8,045
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	155,025	0	155,025	153,089	0	153,089
Financial assets - amortized cost	125,773	0	125,773	121,883	0	121,883
Total	**288,842**	**0**	**288,842**	**283,017**	**0**	**283,017**

2019	Transferred assets			Associated liabilities		
in € thousand	Carrying amount	hereof securitizations	hereof repurchase agreements	Carrying amount	hereof securitizations	hereof repurchase agreements
Financial assets - held for trading	87,435	0	87,435	85,444	0	85,444
Non-trading financial assets - mandatorily fair value through profit/loss	0	0	0	0	0	0
Financial assets - designated fair value through profit/loss	0	0	0	0	0	0
Financial assets - fair value through other comprehensive income	45,497	0	45,497	47,750	0	47,750
Financial assets - amortized cost	108,621	0	108,621	98,679	0	98,679
Total	**241,553**	**0**	**241,553**	**231,873**	**0**	**231,873**

The Group currently has no securitization transactions in which financial assets are partly derecognized.

(43) Assets pledged as collateral and received financial assets

The Group pledges assets mainly for repurchase agreements, securities lending agreements as well as other lending arrangements and for margining purposes in relation to derivative liabilities. The table below contains assets from repo business, securities lending business, securitizations, debentures transferred as collateral of liabilities or guarantees (this means collateralized deposits):

in € thousand	2020 Pledged	2020 Otherwise restricted with liabilities	2019 Pledged	2019 Otherwise restricted with liabilities
Financial assets - held for trading	53,678	0	128,868	0
Non-trading financial assets - mandatorily fair value through profit/loss	16,218	0	1,572	0
Financial assets - designated fair value through profit/loss	46,601	0	27,925	0
Financial assets - fair value through other comprehensive income	435,517	3,029	218,097	4,836
Financial assets - amortized cost	13,976,298	854,755	11,027,243	782,108
Total	**14,528,312**	**857,784**	**11,403,705**	**786,945**

Statutory, contractual or regulatory requirements as well as protective rights of non-controlling interests might restrict the ability of the Group to access and transfer assets freely to or from other Group entities and settle liabilities. As at the reporting date, the Group has not granted any material protective rights associated with non-controlling interests and therefore these were not a source of significant restrictions.

The following products restrict the Group in the use of its assets: repurchase agreements, securities lending contracts as well as other lending contracts for margining purposes in relation to derivative liabilities, securitizations and various insurance activities. The table below shows assets pledged as collateral and otherwise restricted assets with a corresponding liability. These assets are restricted from usage to secure funding, for legal or other reasons.

Securities and other financial assets accepted as collateral:

in € thousand	2020	2019
Securities and other financial assets accepted as collateral which can be sold or repledged	14,310,273	12,095,114
hereof which have been sold or repledged	2,086,244	2,365,079

The Group received collaterals which can be sold or repledged even if no default occurs in the course of reverse repo business, securities lending business, derivative and other transactions. For information on asset encumbrance we refer to the Group's Pillar 3 disclosures which are published pursuant to EU 575/2013 Capital Requirements Regulation (CRR) Part 8.

(44) Breakdown of remaining terms of maturity

Assets 2020 in € thousand	Current assets Due at call or without maturity	Up to 3 months	More than 3 months, up to 1 year	Non-current assets More than 1 year, up to 5 years	More than 5 years
Cash, cash balances at central banks and other demand deposits	33,656,615	3,409	0	0	0
Financial assets - amortized cost	4,947,663	20,038,694	15,092,290	40,534,261	35,983,159
Financial assets - fair value through other comprehensive income	130,448	483,755	733,418	2,393,372	1,028,192
Non-trading financial assets - mandatorily fair value through profit/loss	262,796	28,071	26,398	82,797	421,634
Financial assets - designated fair value through profit/loss	22,068	83,295	31,812	279,423	40,570
Financial assets - held for trading	611,967	394,808	354,124	1,551,105	1,487,746
Hedge accounting	50,497	40,540	31,231	167,938	273,214
Investments in subsidiaries and associates	1,002,110	–	–	–	–
Tangible fixed assets	1,683,960	–	–	–	–
Intangible fixed assets	763,097	–	–	–	–
Current tax assets	86,951	–	–	–	–
Deferred tax assets	78,136	244	7,990	33,535	846
Other assets	509,400	357,803	153,722	12,669	1,097
Total	**43,805,709**	**21,430,618**	**16,430,985**	**45,055,100**	**39,236,459**

Liabilities 2020 in € thousand	Short-term liabilities Due at call or without maturity	Up to 3 months	More than 3 months, up to 1 year	Long-term liabilities More than 1 year, up to 5 years	More than 5 years
Financial liabilities - amortized cost	75,428,261	15,899,671	11,922,979	28,938,404	9,546,006
Financial liabilities - designated fair value through profit/loss	0	40,767	182,163	765,999	517,906
Financial liabilities - held for trading	138,082	360,027	536,300	2,790,501	2,155,432
Hedge accounting	15,597	12,355	17,994	155,807	219,177
Provisions for liabilities and charges	494,036	13,518	126,610	120,693	305,813
Current tax liabilities	14,827	53,296	8,453	0	16
Deferred tax liabilities	29,259	204	6,715	0	815
Other liabilities	352,642	198,360	66,144	85,422	150,575
Subtotal	**76,472,705**	**16,578,198**	**12,867,357**	**32,856,826**	**12,895,741**
Equity	14,288,045	–	–	–	–
Total	**90,760,749**	**16,578,198**	**12,867,357**	**32,856,826**	**12,895,741**

Assets 2019 in € thousand	Current assets Due at call or without maturity	Up to 3 months	More than 3 months, up to 1 year	Non-current assets More than 1 year, up to 5 years	More than 5 years
Cash, cash balances at central banks and other demand deposits	24,044,341	244,923	0	0	0
Financial assets - amortized cost	6,227,629	16,658,400	16,997,394	38,389,876	32,011,760
Financial assets - fair value through other comprehensive income	140,260	445,138	741,557	2,290,988	1,163,412
Non-trading financial assets - mandatorily fair value through profit/loss	311,368	26,823	17,947	61,344	358,455
Financial assets - designated fair value through profit/loss	29,515	137,599	556,330	1,188,421	363,968
Financial assets - held for trading	756,830	400,250	287,987	1,704,315	1,032,989
Hedge accounting	(46,562)	13,282	14,782	280,750	134,903
Investments in subsidiaries and associates	1,106,539	–	–	–	–
Tangible fixed assets	1,828,929	–	–	–	–
Intangible fixed assets	757,435	–	–	–	–
Current tax assets	61,272	–	–	–	–
Deferred tax assets	70,567	35	9,633	63,057	472
Other assets	645,231	429,852	221,311	17,760	435
Total	**35,933,353**	**18,356,303**	**18,846,941**	**43,996,513**	**35,066,394**

Liabilities 2019 in € thousand	Short-term liabilities Due at call or without maturity	Up to 3 months	More than 3 months, up to 1 year	Long-term liabilities More than 1 year, up to 5 years	More than 5 years
Financial liabilities - amortized cost	64,336,066	17,213,440	14,145,594	24,102,785	8,966,531
Financial liabilities - designated fair value through profit/loss	0	134,987	264,320	913,770	529,648
Financial liabilities - held for trading	94,293	479,101	680,365	2,839,396	1,695,656
Hedge accounting	(43,896)	23,597	1,954	113,818	150,977
Provisions for liabilities and charges	491,193	18,203	144,779	112,508	316,048
Current tax liabilities	25,487	2,054	2,991	0	17
Deferred tax liabilities	30,371	1,653	6,072	(933)	853
Other liabilities	315,859	98,862	43,474	159,294	23,332
Subtotal	**65,249,374**	**17,971,897**	**15,289,549**	**28,240,638**	**11,683,062**
Equity	13,764,983	–	–	–	–
Total	**79,014,358**	**17,971,897**	**15,289,549**	**28,240,638**	**11,683,062**

(45) Foreign currency volumes

in € thousand	2020	2019
Assets	72,100,612	71,709,428
Liabilities	61,716,110	59,523,322

(46) Derivative financial instruments

2020 in € thousand	Nominal amount	Fair value Assets	Liabilities
Trading book	**165,076,595**	**1,844,738**	**(1,911,660)**
Interest rate contracts	115,380,868	1,116,584	(1,006,391)
Equity contracts	4,151,596	134,466	(227,108)
Foreign exchange rate and gold contracts	43,485,882	580,350	(589,250)
Credit contracts	793,340	9,778	(9,238)
Commodities	90,574	3,161	(40)
Other	1,174,335	399	(79,633)
Banking book	**21,994,584**	**257,047**	**(145,053)**
Interest rate contracts	16,023,139	224,932	(121,901)
Foreign exchange rate and gold contracts	5,591,444	31,391	(13,947)
Credit contracts	380,000	725	(9,205)
Hedging instruments	**37,409,571**	**402,807**	**(396,868)**
Interest rate contracts	35,674,543	361,964	(387,907)
Foreign exchange rate and gold contracts	1,735,028	40,844	(8,961)
Total	**224,480,749**	**2,504,593**	**(2,453,580)**
OTC products	220,432,056	2,461,909	(2,339,885)
Products traded on stock exchange	1,610,445	28,621	(15,580)

2019 in € thousand	Nominal amount	Fair value Assets	Liabilities
Trading book	**176,548,070**	**1,663,968**	**(1,655,063)**
Interest rate contracts	121,991,721	1,041,459	(874,110)
Equity contracts	5,121,269	179,840	(185,233)
Foreign exchange rate and gold contracts	47,327,103	430,888	(499,132)
Credit contracts	745,140	5,446	(10,800)
Commodities	104,744	5,142	(69)
Other	1,258,093	1,193	(85,719)
Banking book	**22,882,001**	**230,496**	**(278,531)**
Interest rate contracts	16,673,905	203,115	(186,290)
Foreign exchange rate and gold contracts	6,029,596	27,381	(85,031)
Credit contracts	178,500	0	(7,210)
Hedging instruments	**26,647,095**	**402,064**	**(282,066)**
Interest rate contracts	26,111,060	394,352	(275,225)
Foreign exchange rate and gold contracts	536,036	7,712	(6,840)
Total	**226,077,166**	**2,296,528**	**(2,215,660)**
OTC products	220,663,760	2,258,276	(2,089,351)
Products traded on stock exchange	3,126,929	26,471	(22,510)

(47) Hedge accounting – additional information

RBI applies various types of hedge accounting with the aim of reducing interest rate risk and volatility in the income statement. Depending on the risk to be hedged, both fair value and cash flow hedge accounting are used. Both types may be modeled at the micro level and in portfolios. A further type of hedge accounting hedges the net investment risk against fluctuations in the rate of the Russian ruble, the Romanian leu, the Czech koruna, the Croatian kuna and the Hungarian forint.

Under the rules of IAS 39, which the Group decided to continue to apply, various financial instruments are used as underlying transactions for fair value and cash flow hedges. The majority of these instruments are loans and advances on the asset side and deposits on the liability side. Bonds and debt securities issued are further positions incorporated into hedge accounting relationships. Interest rate and exchange rate agreements are the main hedging instruments.

Hedging instruments

The following table shows the breakdown of hedging instruments by type of hedge accounting at the level of nominal amounts, both in total and by contractual termination, and at the level of the carrying amounts.

2020 in € thousand	Nominal amount	Maturity Up to 3 months	More than 3 months, up to 1 year	1 year, up to 5 years	More than 5 years	Carrying amount Assets	Liabilities
Interest rate contracts	**35,484,181**	**1,345,470**	**2,811,818**	**19,814,825**	**11,512,068**	**361,964**	**382,370**
Cash flow hedge	1,464,376	117,100	538,196	724,311	84,769	23,667	2,246
Fair value hedge	34,019,805	1,228,370	2,273,622	19,090,514	11,427,299	338,297	380,124
Foreign exchange contracts	**1,925,390**	**992**	**1,829,218**	**49,402**	**45,778**	**40,844**	**14,498**
Cash flow hedge	136,330	0	100,533	35,797	0	0	5,537
Fair value hedge	69,060	992	8,685	13,606	45,778	2,044	174
Net investment hedge	1,720,000	0	1,720,000	0	0	38,800	8,787
Total	**37,409,571**	**1,346,462**	**4,641,037**	**19,864,227**	**11,557,845**	**402,807**	**396,868**

2019 in € thousand	Nominal amount	Maturity Up to 3 months	More than 3 months, up to 1 year	1 year, up to 5 years	More than 5 years	Carrying amount Assets	Liabilities
Interest rate contracts	**25,836,475**	**366,339**	**2,424,468**	**13,765,451**	**9,280,217**	**394,113**	**271,426**
Cash flow hedge	1,480,307	50,000	156,589	1,251,591	22,127	11,951	2,117
Fair value hedge	24,356,169	316,339	2,267,879	12,513,861	9,258,090	382,161	269,309
Foreign exchange contracts	**810,620**	**500,000**	**37,125**	**225,106**	**48,389**	**7,952**	**10,639**
Cash flow hedge	217,107	0	37,125	179,982	0	240	3,799
Fair value hedge	93,512	0	0	45,124	48,389	7,712	135
Net investment hedge	500,000	500,000	0	0	0	0	6,706
Total	**26,647,095**	**866,339**	**2,461,594**	**13,990,557**	**9,328,605**	**402,064**	**282,066**

Fair value hedges

The following table shows details of the underlying transactions for fair value hedges:

2020 in € thousand	Carrying amount of the hedged items Assets	Liabilities	Accumulated amount of fair value adjustments of the hedged items Assets	Liabilities	Changes in Fair value of the hedged items[1]
Interest rate hedges	**13,979,132**	**15,047,482**	**282,098**	**282,280**	**122,465**
Debt securities	5,708,908	0	103,398	0	77,795
Loans and advances	7,117,733	0	178,700	0	165,763
Deposits	1,152,491	7,135,393	0	126,428	(55,510)
Debt securities issued	0	7,912,089	0	155,852	(65,582)
Other financial liabilities	0	0	0	0	0
Foreign exchange hedges	**54,294**	**0**	**2,042**	**0**	**1,730**
Other assets	54,294	0	2,042	0	1,730
Total	**14,033,426**	**15,047,482**	**284,141**	**282,280**	**124,195**

1 Fair value changes in the underlying transactions which were used to calculate ineffectiveness

2019 in € thousand	Carrying amount of the hedged items Assets	 Liabilities	Accumulated amount of fair value adjustments of the hedged items Assets	 Liabilities	Changes in Fair value of the hedged items[1]
Interest rate hedges	**8,047,788**	**13,176,031**	**417,456**	**278,872**	**50,130**
Debt securities	1,440,430	34,424	10,838	0	53,275
Loans and advances	6,607,358	0	24,470	132	67,939
Deposits	0	6,534,469	0	180,497	(97,077)
Debt securities issued	0	6,607,138	382,148	98,243	25,993
Foreign exchange hedges	**53,510**	**0**	**586**	**0**	**1,184**
Other assets	53,510	0	586	0	1,184
Total	**8,101,298**	**13,176,031**	**418,043**	**278,872**	**51,314**

1 Fair value changes in the underlying transactions which were used to calculate ineffectiveness

Cash flow hedges

2020 in € thousand	Change in the value of the hedging instruments recognized in other comprehensive income	Hedge ineffectiveness recognized in profit or loss
Interest rate hedges	**(3,139)**	**410**
Loans and advances	(3,050)	217
Deposits	(90)	193
Debt securities issued	0	0
Other financial liabilities	0	0
Foreign exchange hedges	**324**	**(7)**
Other liabilities	324	(7)
Total	**(2,815)**	**403**

2019 in € thousand	Change in the value of the hedging instruments recognized in other comprehensive income	Hedge ineffectiveness recognized in profit or loss
Interest rate hedges	**2,675**	**146**
Loans and advances	3,034	77
Deposits	(810)	23
Debt securities issued	451	0
Other financial liabilities	0	46
Foreign exchange hedges	**650**	**(157)**
Other liabilities	650	(157)
Total	**3,324**	**(11)**

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 risk report describes the principles and organization of risk management and describes current risk exposure in all material risk categories.

(48) Risk management principles

The Group has a system of risk principles and procedures in place for measuring and monitoring risk, which is aimed at controlling and managing material risks at all banks and specialist companies in the Group. The risk policies and risk management principles are laid out by the Management Board. The principles include the following risk policies:

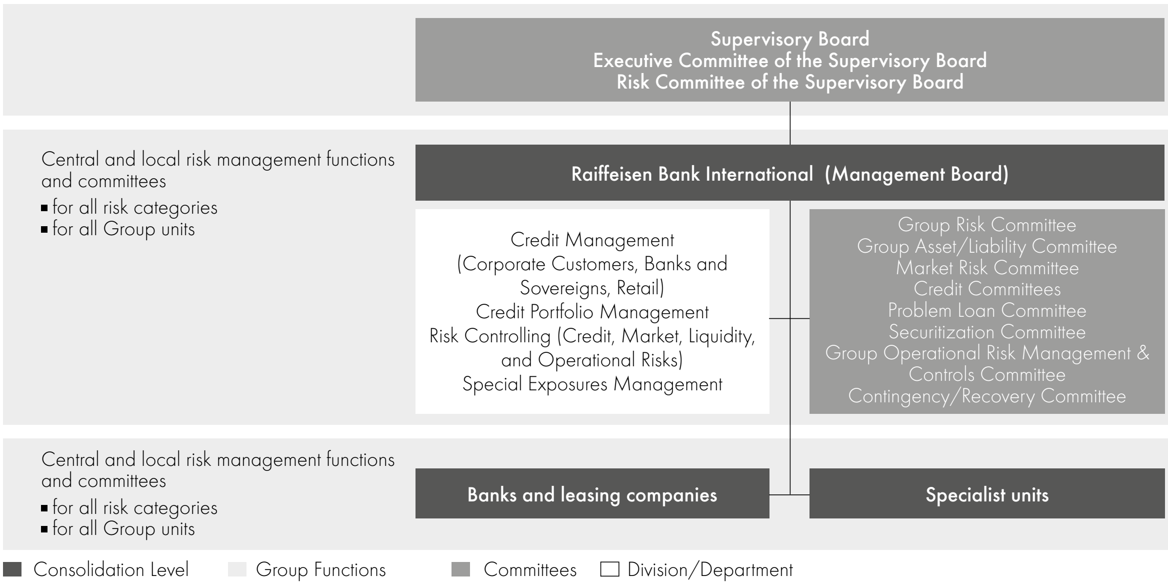
- Integrated risk management: Credit, country, market, liquidity, and operational risks are managed as key risks on a Group-wide basis. For this purpose, these risks are measured, limited, aggregated, and compared to available risk coverage capital.
- Standardized methodologies: Risk measurement and risk limitation methods are standardized Group-wide in order to ensure a consistent and coherent approach to risk management. This is efficient for the development of risk management methods and it forms the basis for consistent overall bank management across all countries and business lines in RBI.
- Continuous planning: Risk strategies and risk capital are reviewed and approved in the course of the annual budgeting and planning process, whereby special attention is also paid to preventing risk concentrations.
- Independent control: A clear personnel and organizational separation is maintained between business operations and all risk management or risk control activities.
- Ex ante and ex post control: Risks are consistently measured within the scope of product selling and in risk-adjusted performance measurement. Thereby it is ensured that business in general is conducted only under risk-return considerations and that there are no incentives for taking high risks.

Individual risk management units of the Group develop detailed risk strategies, which set more concrete risk targets and specific standards in compliance with these general principles. The overall Group risk strategy is derived from the Group's business strategy and the risk appetite and adds risk relevant aspects to the planned business structure and strategic development. These aspects include for example structural limits and capital ratio targets which have to be met in the budgeting process and in the scope of business decisions. More specific targets for individual risk categories are set in detailed risk strategies. The credit risk strategy of RBI, for instance, sets credit portfolio limits for individual countries and segments and defines the credit approval authority for limit applications.

(49) Organization of risk management

The Management Board of the Group ensures the proper organization and ongoing development of risk management. It decides which procedures are to be employed for identifying, measuring, and monitoring risks, and makes steering decisions according to the risk reports and analyses. The Management Board is supported in undertaking these tasks by independent risk management units and special committees.

Risk management functions are performed on different levels in the Group. RBI AG develops and implements the relevant concepts as the parent credit institution and in cooperation with the subsidiaries of the Group. The central risk management units are responsible for the adequate and appropriate implementation of the Group's risk management processes. Particularly, they establish common Group directives and set business-specific standards, tools, and practices for all Group entities.



In addition, local risk management units are established in the different Group entities of RBI. They implement the risk policies for specific risk types and take active steering decisions within the approved risk budgets in order to achieve the targets set in the business policy. For this purpose, they monitor resulting risks using standardized measurement tools and report them to central risk management units via defined interfaces.

The central Group Risk Controlling division assumes the independent risk controlling function required by banking law. Its responsibilities include developing the Group-wide framework for overall bank risk management (integrating all risk types) and preparing independent reports on the risk profile for the Supervisory Board's Risk Committee, the Group Management Board and the heads of individual business units. It also measures the required risk coverage capital for different Group units and calculates the utilization of the allocated risk capital budgets in the internal capital adequacy framework.

Risk committees

The Group Risk Committee is the most senior decision-making body for all the Group's risk-related topic areas. It decides on the risk management methods and on the control concepts used for the overall Group and for key subdivisions, and is responsible for ongoing development and implementation of methods and parameters for risk quantification and for refining steering instruments. This also includes setting the risk appetite and the various risk budgets and limits at overall bank level as well as monitoring the current risk situation with respect to internal capital adequacy and the corresponding risk limits. It approves risk management and control activities (such as the allocation of risk capital) and advises the Management Board in these matters.

The Group Asset/Liability Committee assesses and manages the statement of financial position structure and liquidity risk and defines the standards for internal funds transfer pricing. In this context it plays an important role in planning long-term funding and hedging structural interest rate and foreign exchange risks. The Structural FX Committee is a sub-committee of the Group Asset/Liability Committee and manages the currency risk inherent in the Group's capital position.

The Market Risk Committee controls market risks arising from trading and banking book transactions and establishes corresponding limits and processes. Particularly, it relies on profit and loss reports, the risks calculated and the limit utilization, as well as the results of scenario analyses and stress tests with respect to market risks.

The Credit Committees are staffed by front office and back office representatives, with the staff assignments depending on the type of customer (corporate customers, banks, sovereigns and retail). The committees decide upon the specific lending criteria for the different customer segments and countries and make all credit decisions concerning those segments and countries in connection with the credit approval process (depending on rating and exposure size).

The Problem Loan Committee is the most important committee in the evaluation and decision-making process concerning problem loans. Its chairman is the Chief Risk Officer (CRO). Further members with voting rights are those members of the Management Board responsible for the customer divisions, the Chief Financial Officer (CFO), and the relevant division and departmental managers from risk management and special exposures management.

The Securitization Committee is the decision-making committee for limit requests in relation to securitization positions within the specific decision-making authority framework. It develops proposals for modifications to the securitization strategy for the Management Board. In addition, the Securitization Committee offers a platform for exchanging information regarding securitization positions and market developments.

The Group Operational Risk Management & Controls Committee comprises representatives of the business areas (retail, market and corporate customers) and representatives from Compliance (including financial crime), Internal Control System, Operations, Security, IT Risk Management and Risk Controlling, under chairmanship of the CRO. This committee is responsible for managing the Group's operational risk (including conduct risk). It derives and sets the operational risk strategy based on the risk profile and the business strategy and makes decisions regarding actions, controls and risk acceptance.

The Contingency/Recovery Committee is a decision-making body convened by the Management Board. The composition of the committee varies as circumstances require depending on the intensity and focus of the specific requirements pertaining to the situation (e.g. capital and/or liquidity). The core task of the committee is to maintain or recover financial stability in accordance with BaSAG (Austrian Bank Recovery and Resolution Act) and BRRD (Banking Recovery and Resolution Directive) in the event of a critical financial situation. Due to the COVID-19 situation, the Contingency Committee met regularly in the second quarter of the financial year under review.

Quality assurance and internal audit

Quality assurance with respect to risk management refers to ensuring the integrity, soundness, and accuracy of processes, models, calculations, and data sources. This is to ensure that the Group adheres to all legal requirements and that it can achieve the highest standards in risk management-related operations.

All these aspects are coordinated by the Group Compliance division, which analyzes the internal control system on an ongoing basis and – if actions are necessary to address any deficiencies – is also responsible for tracking their implementation.

Two very important functions in assuring independent oversight are performed by the divisions Audit and Compliance. Independent internal auditing is a legal requirement and a central pillar of the internal control system. Internal Audit periodically assesses all business processes and contributes considerably to securing and improving them. It sends its reports directly to the Management Board, which discusses them on a regular basis in its board meetings.

The Compliance Office is responsible for all issues concerning compliance with legal requirements in addition to and as an integral part of the internal control system. Thereby compliance with existing regulations in daily operations is monitored.

(50) Overall group risk management

Maintaining an adequate level of capital is a core objective of the Group. Capital requirements are monitored regularly based on the risk level as measured by internal models, and in choosing appropriate models the materiality of risks annually assessed is considered. This concept of overall bank risk management provides for meeting capital requirements from both a regulatory perspective (normative perspective) and from economic points of view (economic perspective). Thus it covers the quantitative aspects of the Internal Capital Adequacy Assessment Process (ICAAP) as legally required and as described in the ICAAP Directive published by the European Central Bank. The full ICAAP process of the Group is audited during the supervisory review process for RBI credit institution group (RBI-Kreditinstitutsgruppe) on an annual basis.

The Risk Appetite Framework (RAF) limits the Group's overall risk in accordance with the Group's strategic business objectives and allocates the risk capital calculated to the different risk categories and business areas. The primary aim of the RAF is to limit risk, particularly in adverse scenarios and for major singular risks in such a way as to ensure compliance with regulatory minimum ratios. The Risk Appetite Framework is, therefore, closely linked with the ICAAP and the ILAAP (Internal Liquidity Adequacy Assessment Process) and sets the concentration risk limits for the risk types identified as significant in the risk assessment. There is also a connection to the recovery plan as the risk capacity and risk tolerance limits in the RAF are aligned with the corresponding trigger monitoring limits. In addition, the risk appetite decided by the Management Board and the Group's risk strategy and its implementation are reported regularly to the Supervisory Board's Risk Committee.

Approach	Risk	Measurement technique	Confidence level
Economic perspective			
Economic capital	Risk that unexpected losses from the economic point of view exceed the internal capital	The unexpected loss for the risk horizon of one year (economic capital) may not exceed the current value of the tier 1 capital	99.90 per cent
Normative perspective			
Stress scenarios	Risk of falling below a sustainable tier 1 ratio throughout an economic cycle	Capital and earnings projection for a three-year planning period based on assumptions of a significant downturn in the economy	Around 95 per cent, based on potential management decisions to reduce risk temporarily or raise additional equity capital

Economic perspective – economic capital approach

In this approach, risks are measured based on economic capital, which represents a comparable risk indicator across all risk types. Economic capital is calculated as the sum of unexpected losses stemming from different Group units and different risk categories. In addition, a general buffer is held to cover risk types not explicitly quantified.

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

Risk contribution of individual risk types to economic capital:

in € thousand	2020	Share	2019	Share
Credit risk corporate customers	1,806,641	29.5%	1,749,130	24.8%
Credit risk retail customers	1,315,024	21.5%	1,750,650	24.8%
Participation risk	737,422	12.1%	726,957	10.3%
Market risk	556,718	9.1%	633,221	9.0%
Operational risk	422,871	6.9%	454,151	6.4%
Credit risk sovereigns	276,036	4.5%	210,343	3.0%
FX risk capital position	260,820	4.3%	229,412	3.2%
Owned property risk	259,930	4.2%	252,058	3.6%
Credit risk banks	168,757	2.8%	147,766	2.1%
CVA risk	20,829	0.3%	17,810	0.3%
Liquidity risk	469	0.0%	72	0.0%
Macroeconomic risk	n/a	n/a	556,989	7.9%
Risk buffer	291,276	4.8%	336,428	4.8%
Total	**6,116,792**	**100.0%**	**7,064,987**	**100.0%**

Regional allocation of economic capital by Group unit domicile:

in € thousand	2020	Share	2019	Share
Austria	2,452,493	40.1%	2,822,211	39.9%
Southeastern Europe	1,356,916	22.2%	1,436,307	20.3%
Central Europe	1,236,987	20.2%	1,317,898	18.7%
Eastern Europe	1,070,396	17.5%	1,488,569	21.1%
Rest of World	0	0.0%	2	0.0%
Total	**6,116,792**	**100.0%**	**7,064,987**	**100.0%**

The Group's calculated economic capital decreased during the year to € 6,116,792 thousand. A key reason for the year-on-year change is a change in method – with effect from year-end 2020, the macroeconomic risk including the earnings risk (€ 1,014,667 thousand) is now deducted directly from the internal capital. The decrease in the credit risk of retail customers was due to the fact that legal risks in connection with foreign currency mortgage loans in Poland are no longer recognized in the credit risk. In the risk capital allocation as at 31 December 2020, the bulk of the economic capital of around 40 per cent was, as in the previous year, consumed by Group units located in Austria. The shift in the economic capital share from Eastern Europe to Central and Southeastern Europe was mainly attributable to exchange rates.

Economic capital is an important instrument in overall bank risk management. Economic capital limits are allocated to individual business areas during the annual budgeting process and are supplemented in day-to-day management by volume, sensitivity, and value-at-risk limits. The Group planning process is undertaken on a revolving basis for the coming three years and incorporates future changes in economic capital as well as available internal capital. Economic capital thus substantially influences plans for future lending activities and the overall limit for market risk.

Risk-adjusted performance measurement is also based on the indicator for economic capital. The profitability of a business unit is examined in relation to the amount of economic capital attributed to the unit in question (risk-adjusted profit in relation to risk-adjusted capital, RORAC), which yields a comparable performance indicator for all business units in the Group. That indicator is used in turn as a key figure in overall bank management and for future capital allocation, and influences the remuneration paid to the Group's executive management.

Normative perspective – stress scenarios

The analysis of the stress scenarios in the normative perspective of the ICAAP is intended to ensure that the Group has sufficiently high capital ratios at the end of the multi-year planning period, even in a severe macroeconomic downturn scenario. The analysis is based on a multi-year macroeconomic stress test where hypothetical market developments in a severe but realistic economic downturn scenario are simulated. The risk parameters used include interest rates, foreign exchange rates and securities prices, as well as changes in default probabilities and rating migrations in the credit portfolio.

The integrated stress test focuses primarily on the capital ratios at the end of the multi-year observation period. These should not fall below a sustainable level, meaning that they should not require the bank to substantially increase capital or to significantly reduce its business activities. The current minimum amount of capital is therefore determined by the size of a potential economic downturn. The downturn scenario assumed incorporates recognition of the necessary loan loss provisions and potential pro-cyclical effects (which increase the minimum regulatory capital requirement) along with the impact of foreign exchange rate fluctuations and other valuation and earnings effects. Regulatory changes that are already known are considered for the planning period.

This perspective thus also complements traditional risk measurement methods based on the value-at-risk concept (which is in general based on historical data). Therefore, it can account for exceptional market situations that have not been observed in the past, and permits estimation of the potential impact of such developments. The stress test also allows for analyzing risk concentrations (e.g. individual positions, industries, or geographical regions) and gives insight into profitability, liquidity situation, and solvency under extreme situations. Building on these analyses, risk management in the Group actively contributes to portfolio diversification, for example via limits for the total credit exposure to individual industry segments and countries and through ongoing updates to lending standards.

(51) 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.

Limit application process

In the non-retail area, each lending transaction runs through the limit application process before a decision is made. This process covers – besides new lending – increases in existing limits, rollovers, overdrafts, and changes in the risk profile of a borrower (e.g. with respect to the financial situation of the borrower, the agreed terms and conditions, or the collateral furnished) compared to the time of the original lending decision. It is also used when setting counterparty limits for trading and new issuance operations as well as other credit limits, and for equity investments subject to credit risk.

Credit decisions are made within the context of a competence authority hierarchy based on the size and type of the loan. Approval from the business and the credit risk management divisions is always required when making individual limit decisions or performing regular rating renewals. If the individual decision-making parties disagree, the potential transaction is decided upon by the next higher-ranking credit authority.

The whole limit application process is based on defined uniform principles and rules. Account management for multinational customers doing business with more than one RBI Group unit simultaneously is supported by the Global Account Management System, for example. This is made possible by Group-wide unique customer identification in the non-retail asset classes.

The limit application process in the retail division is automated to a great degree due to the high number of applications and relatively low exposure amounts. Limit applications often are assessed and approved in central processing centers based on credit score cards. This process is facilitated by the respective IT systems.

Credit portfolio management

Credit portfolio management in the Group is, among other aspects, based on the credit portfolio strategy which is in turn based on the business and risk strategy. The strategy selected is used to limit the exposure amount in different countries, industries or product types and thus prevents undesired risk concentrations. Additionally, the long-term potentials of different markets are continuously analyzed. This allows for an early strategic repositioning of future lending activities.

Reconciliation of figures from the IFRS consolidated financial statements to 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 the 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 classification and presentation of exposure volumes.

in € thousand	2020	2019
Cash, cash balances at central banks and other demand deposits	27,986,172	19,761,386
Financial assets - amortized cost	119,163,366	112,607,116
Financial assets - fair value through other comprehensive income	4,615,934	4,555,355
Non-trading financial assets - mandatorily at fair value through profit / loss	821,695	775,937
Financial assets - designated fair value through profit/loss	457,167	2,275,832
Financial assets - held for trading	4,172,879	4,182,372
Hedge accounting	563,420	397,155
Current tax assets	86,951	61,272
Deferred tax assets	120,751	143,764
Other assets	866,258	1,027,830
Loan commitments given	34,802,877	35,135,831
Financial guarantees given	7,228,439	7,908,756
Other commitments given	3,655,626	3,297,568
Disclosure differences	(1,814,548)	(3,046,324)
Credit exposure[1]	**202,726,989**	**189,083,851**

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 corporate customers and banks and good credit standing A3 for sovereigns) are not directly comparable between 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 include ten grades, with Austrian customers representing the exception 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 databases).

Credit exposure by asset classes (rating models):

in € thousand	2020	2019
Corporate customers	81,650,480	81,951,994
Project finance	7,339,059	7,212,158
Retail customers	41,659,478	42,184,670
Banks	23,338,833	21,977,973
Sovereigns	48,739,138	35,757,056
Total	**202,726,989**	**189,083,851**

RBI has implemented the corresponding regulatory requirements regarding moratoriums in the context of retail customers (private individuals, small and medium-sized entities). The behavioral components of the rating systems were adjusted 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 foreseen 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 height, loans amounting to € 10,657,958 thousand were subject to a moratorium. While the moratoriums in some markets had already expired, a volume of just under € 2,866,436 thousand still remained as at the reporting date, primarily in Hungary, where they had been extended until the middle of 2021. Of the € 2,866,436 thousand, an amount of € 1,945,435 thousand related to non-financial corporations and € 884,692 thousand to households.

Credit portfolio – Corporate customers

The internal rating models for corporate customers take into account qualitative parameters, various ratios from the statement of financial position, and profit ratios covering different aspects of customer creditworthiness for various industries and countries. In addition, the model for smaller corporates also includes an account behavior component.

The following table shows the credit exposure according to internal corporate rating (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. The migration from rating grade 2 (excellent credit standing) to rating grade 3 and 4 (very good credit standing, good credit standing) for the credit portfolio – corporate customers was due in particular to the (regular) update of the corporate customer rating model. In addition, there were also further downgrades of corporate customers, mainly due to COVID-19, which can be attributed to a generally worse economic outlook.

in € thousand		2020	Share	2019	Share
1	Minimal risk	4,945,710	6.1%	5,785,489	7.1%
2	Excellent credit standing	7,036,636	8.6%	11,876,959	14.5%
3	Very good credit standing	16,791,905	20.6%	13,834,231	16.9%
4	Good credit standing	18,602,807	22.8%	13,036,930	15.9%
5	Sound credit standing	15,884,027	19.5%	16,409,891	20.0%
6	Acceptable credit standing	11,314,424	13.9%	14,510,666	17.7%
7	Marginal credit standing	4,090,687	5.0%	3,853,267	4.7%
8	Weak credit standing/sub-standard	1,166,961	1.4%	765,700	0.9%
9	Very weak credit standing/doubtful	239,786	0.3%	315,915	0.4%
10	Default	1,382,574	1.7%	1,417,762	1.7%
NR	Not rated	194,961	0.2%	145,185	0.2%
Total		**81,650,480**	**100.0%**	**81,951,994**	**100.0%**

The credit exposure for corporate customers declined compared to year-end 2019 by € 301,514 thousand to € 81,650,480 thousand. Credit exposures in the rating grades from good credit standing to minimal risk increased € 2,843,450 thousand to € 47,377,058 thousand, corresponding to a share of 58.0 per cent (2019: 54.4 per cent).

Rating grade 1 declined € 839,779 thousand to € 4,945,710 thousand, mainly due to credit financing in Great Britain and to rating downgrades of corporate customers in Austria, Denmark, Slovakia and the Netherlands to rating grade 2. The decline was offset by an increase in swap transactions in Great Britain. The decline of € 4,840,323 thousand to € 7,036,636 thousand in rating grade 2 was mainly the result of rating downgrades of Austrian, German, French and Russian customers to rating grade 3, whereby there was also a reduction in credit and facility financing. In addition, the depreciation of the Russian ruble had a negative effect. There was also a decrease in documentary credits in Switzerland and in guarantees issued in Austria, Russia and Great

Britain. Rating grade 3 registered an increase of € 2,957,674 thousand to € 16,791,905 thousand, which in the credit business was due to the rating downgrade of customers in Austria, Germany, France and Russia from rating grade 2. This development was offset by lower amounts for credit financing in Austria and Luxembourg. In addition, repo transactions declined as a result of the rating downgrade of customers in Great Britain to rating grade 4. The increase of € 5,565,877 thousand in rating grade 4 to € 18,602,807 thousand was due to credit financing in Austria and Germany. This increase was partly offset by the depreciation of the Russian ruble. Facility financing in Austria, Russia and Germany also increased, partly due to rating migrations from rating grades 2 and 3. In addition, an increase in the bond portfolio in Russia and rating improvements of Russian, German and Austrian corporate customers from rating grade 5 were also responsible for the increase in rating grade 4. Rating grade 5 registered a € 525,864 thousand decrease to € 15,884,027 thousand, due to repo transactions in the USA, to facility financing and also guarantees issued in Russia and Slovakia. There were also rating improvements of individual Russian customers to rating grade 4. The depreciation of the Russian ruble and of the Ukrainian hryvnia also had a negative effect. In addition to rating improvements from rating grade 6, the decline in rating grade 5 was offset by credit financing in Germany and the Czech Republic as well as by documentary credits in the United Arab Emirates and Germany. Besides the aforementioned rating migrations, credit financing in Russia, the Ukraine and in the Czech Republic were responsible for the € 3,196,242 thousand decline in rating grade 6 to € 11,314,424 thousand. The currency depreciations of the Russian ruble, the Ukrainian hryvnia and the Czech koruna also had an impact on rating grade 6.

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

in € thousand		2020	Share	2019	Share
6.1	Excellent project risk profile – very low risk	4,536,285	61.8%	5,366,921	74.4%
6.2	Good project risk profile – low risk	2,294,223	31.3%	1,309,563	18.2%
6.3	Acceptable project risk profile – average risk	177,913	2.4%	91,268	1.3%
6.4	Poor project risk profile – high risk	10,820	0.1%	82,351	1.1%
6.5	Default	313,705	4.3%	351,130	4.9%
NR	Not rated	6,113	0.1%	10,924	0.2%
Total		**7,339,059**	**100.0%**	**7,212,158**	**100.0%**

As at 31 December 2020, the credit exposure reported under project finance increased € 126,901 thousand to € 7,339,059 thousand. The € 830,636 thousand decline in rating grade 6.1 to € 4,536,285 thousand was mainly due to the rating migration from rating grade 6.1 to 6.2, which occurred due to the introduction of a new rating model which primarily affected Czech, Hungarian, Polish and Serbian customers. The shift was not caused by a rating downgrade. The increase in the 6.2 rating grade of € 984,661 thousand to € 2,294,223 thousand mostly resulted from the aforementioned rating migrations from rating grade 6.1, and new project financing in Romania also led to an increase. The rating allocation of a Bulgarian customer to rating grade 6.1 led to the € 4,811 thousand reduction in customers not rated to € 6,113 thousand.

At 93.1 per cent (2019: 92.6 per cent), the rating grades excellent project risk profile – very low risk and good project risk profile – low risk accounted for the majority of the portfolio. This mainly reflected the high level of collateralization in these types of specialized lending transactions.

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

in € thousand	2020	Share	2019	Share
Western Europe	22,294,091	25.1%	21,641,577	24.3%
Central Europe	19,764,417	22.2%	19,361,427	21.7%
Austria	17,873,085	20.1%	16,710,793	18.7%
Eastern Europe	13,160,438	14.8%	15,626,365	17.5%
Southeastern Europe	12,978,379	14.6%	12,819,231	14.4%
Asia	1,359,825	1.5%	1,121,573	1.3%
Other	1,559,304	1.8%	1,883,186	2.1%
Total	**88,989,539**	**100.0%**	**89,164,152**	**100.0%**

At € 88,989,539 thousand, the credit exposure declined € 174,614 thousand compared to year-end 2019. The increase in Austria of € 1,162,293 thousand to € 17,873,085 thousand resulted mainly from credit and facility financing. Western Europe registered an increase of € 652,514 thousand to € 22,294,091 thousand, which was attributable to facility and credit financing in Great Britain, Luxembourg, Belgium and Switzerland as well as to swap transactions in Great Britain. This was partly offset by a reduction in repo transactions in Great Britain and documentary credits in Switzerland. Declining credit financing and the depreciation of the Russian ruble, the Belarusian ruble and the Ukrainian hryvnia were responsible for the decrease of € 2,465,927 thousand in Eastern Europe to € 13,160,438 thousand. In Central Europe, the increase of € 402,990 thousand to € 19,764,417 thousand resulted from facility financing in the Czech Republic and Slovakia. Credit financing also increased in Hungary and Slovakia. This was partly offset by a decline in credit financing in the Czech Republic and in Slovakia.

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

in € thousand	2020	Share	2019	Share
Manufacturing	22,038,529	24.8%	22,502,489	25.2%
Wholesale and retail trade	19,878,900	22.3%	20,083,356	22.5%
Real estate	10,891,100	12.2%	9,857,898	11.1%
Financial intermediation	9,534,489	10.7%	9,774,624	11.0%
Construction	5,549,254	6.2%	5,767,093	6.5%
Transport, storage and communication	3,709,725	4.2%	3,602,275	4.0%
Electricity, gas, steam and hot water supply	3,634,944	4.1%	3,440,651	3.9%
Freelance/technical services	2,022,971	2.3%	2,046,594	2.3%
Other industries	11,729,627	13.2%	12,089,171	13.6%
Total	**88,989,539**	**100.0%**	**89,164,152**	**100.0%**

Credit portfolio – Retail customers

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

in € thousand	2020	Share	2019[1]	Share
Retail customers – private individuals	38,582,599	92.6%	39,395,740	93.4%
Retail customers – small and medium-sized entities	3,076,879	7.4%	2,788,931	6.6%
Total	**41,659,478**	**100.0%**	**42,184,670**	**100.0%**

1 Adaptation of previous year figures

Credit exposure to retail customers by internal rating:

in € thousand		2020	Share	2019	Share
0.5	Minimal risk	12,369,209	29.7%	12,314,383	29.2%
1.0	Excellent credit standing	6,854,596	16.5%	7,065,681	16.7%
1.5	Very good credit standing	5,898,412	14.2%	6,158,781	14.6%
2.0	Good credit standing	4,817,493	11.6%	4,891,248	11.6%
2.5	Sound credit standing	3,571,210	8.6%	3,286,980	7.8%
3.0	Acceptable credit standing	1,840,431	4.4%	1,789,454	4.2%
3.5	Marginal credit standing	892,645	2.1%	927,196	2.2%
4.0	Weak credit standing/sub-standard	436,455	1.0%	428,331	1.0%
4.5	Very weak credit standing/doubtful	470,188	1.1%	381,744	0.9%
5.0	Default	1,351,492	3.2%	1,353,133	3.2%
NR	Not rated	3,157,347	7.6%	3,587,739	8.5%
Total		**41,659,478**	**100.0%**	**42,184,670**	**100.0%**

As the customer ratings that were in a moratorium were frozen, minor rating shifts were recorded in the fourth quarter. As at 31 December 2020, around € 884,692 thousand (total of still active moratoriums) of the retail portfolio (households and small and medium-sized entities) were in a payment moratorium that fulfilled the EBA requirements. This equates to around 3 per cent of the total retail portfolio.

Compared to year-end 2019, the credit exposure to retail customers decreased € 525,192 thousand to € 41,659,478 thousand. The decrease was mainly attributable to the depreciation of the Russian ruble and of the Czech koruna.

Credit exposure to retail customers by segments:

2020 in € thousand	Central Europe	Southeastern Europe	Eastern Europe	Group Corporates & Markets
Retail customers – private individuals	18,209,192	10,027,284	4,594,595	5,751,528
Retail customers – small and medium-sized entities	1,705,573	939,211	430,355	1,740
Total	**19,914,765**	**10,966,494**	**5,024,951**	**5,753,268**
hereof non-performing exposure	567,200	471,838	204,522	39,765

2019 in € thousand	Central Europe	Southeastern Europe	Eastern Europe	Group Corporates & Markets[1]
Retail customers – private individuals	18,294,621	9,747,784	5,987,257	5,366,078
Retail customers – small and medium-sized entities	1,498,808	798,598	490,513	1,011
Total	**19,793,429**	**10,546,382**	**6,477,770**	**5,367,089**
hereof non-performing exposure	655,261	455,371	182,647	35,643

1 Adaptation of previous year figures due to changed allocation

The increase of € 420,112 thousand in Southeastern Europe to € 10,966,494 thousand resulted mainly from mortgage loans and SME and credit card financing in Bulgaria and Romania. Volume-related increases in personal loans in Eastern Europe were offset by currency depreciations, especially of the Russian ruble, and reduced the credit exposure by € 1,452,819 thousand to € 5,024,951 thousand. Increasing mortgage loans were mainly responsible for the € 386,179 thousand increase in Group Corporates & Markets to € 5,753,268 thousand.

Retail credit exposure by products:

in € thousand	2020	Share	2019	Share
Mortgage loans	25,164,326	60.4%	24,501,823	58.1%
Personal loans	8,703,783	20.9%	9,626,944	22.8%
Credit cards	3,260,824	7.8%	3,565,691	8.5%
SME financing	2,518,418	6.0%	2,290,387	5.4%
Overdraft	1,525,517	3.7%	1,675,615	4.0%
Car loans	486,609	1.2%	524,210	1.2%
Total	**41,659,478**	**100.0%**	**42,184,670**	**100.0%**

The increase in mortgage loans of € 662,503 thousand to € 25,164,326 thousand was mainly attributable to Austria and Slovakia. The increase was offset by the depreciation of the Russian ruble and of the Czech koruna. The currency depreciations, especially of the Russian ruble, the Belarusian ruble and the Czech koruna, led to a reduction in personal loans and credit card financing.

2020 in € thousand	Central Europe	Southeastern Europe	Eastern Europe	Group Corporates & Markets
Mortgage loans	14,751,943	3,085,432	1,780,056	5,546,896
Personal loans	2,220,233	4,630,018	1,717,366	136,165
Credit cards	834,226	1,359,839	1,063,050	3,710
SME financing	891,445	1,238,850	321,829	66,293
Overdraft	960,521	445,612	119,384	0
Car loans	256,397	206,743	23,265	204
Total	**19,914,765**	**10,966,494**	**5,024,951**	**5,753,268**

2019 in € thousand	Central Europe	Southeastern Europe	Eastern Europe	Group Corporates & Markets
Mortgage loans	14,391,974	2,778,887	2,177,038	5,153,925
Personal loans	2,430,042	4,610,076	2,434,699	152,127
Credit cards	875,496	1,322,961	1,363,187	4,047
SME financing	785,165	1,146,072	302,527	56,622
Overdraft	1,019,199	476,000	180,416	0
Car loans	291,552	212,387	19,903	368
Total	**19,793,429**	**10,546,382**	**6,477,770**	**5,367,089**

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 € thousand		2020	Share	2019	Share
1	Minimal risk	3,438,801	14.7%	3,483,673	15.9%
2	Excellent credit standing	3,076,300	13.2%	7,722,741	35.1%
3	Very good credit standing	7,692,356	33.0%	7,741,973	35.2%
4	Good credit standing	6,140,458	26.3%	1,912,565	8.7%
5	Sound credit standing	2,541,460	10.9%	657,730	3.0%
6	Acceptable credit standing	292,323	1.3%	266,910	1.2%
7	Marginal credit standing	139,103	0.6%	165,286	0.8%
8	Weak credit standing/sub-standard	12,009	0.1%	9,019	0.0%
9	Very weak credit standing/doubtful	1,239	0.0%	1,673	0.0%
10	Default	3,790	0.0%	4,294	0.0%
NR	Not rated	993	0.0%	12,109	0.1%
Total		**23,338,833**	**100.0%**	**21,977,973**	**100.0%**

The credit exposure came to € 23,338,833 thousand, representing an increase of € 1,360,861 thousand compared to year-end 2019.

The decline in rating grade 2 of € 4,646,441 thousand to € 3,076,300 thousand resulted from the rating downgrade of Austrian and Czech banks to rating grade 3 and from a exposure decline in the Czech Republic, which was strengthened by the depreciation of the Czech koruna. The increase in rating grade 3 was offset by a decline in repo transactions in Spain and Italy and by rating downgrades of Canadian, German, French, Russian and Spanish banks to rating grade 4. Increasing repo transactions in France and Italy were mainly responsible for the € 1,883,730 thousand increase in rating grade 5 to € 2,541,460 thousand.

Credit exposure by country of risk grouped into regions:

in € thousand	2020	Share	2019	Share
Western Europe	12,871,056	55.1%	11,046,661	50.3%
Austria	4,478,575	19.2%	4,360,135	19.8%
Eastern Europe	1,271,829	5.4%	2,011,739	9.2%
Central Europe	1,168,284	5.0%	1,423,333	6.5%
Asia	954,527	4.1%	1,067,185	4.9%
Southeastern Europe	233,793	1.0%	197,551	0.9%
Other	2,360,769	10.1%	1,871,369	8.5%
Total	**23,338,833**	**100.0%**	**21,977,973**	**100.0%**

In Western Europe, repo transactions in France, Germany, Italy and Spain were responsible for the € 1,824,395 thousand increase to € 12,871,056 thousand. The depreciation of the Russian ruble was responsible for the € 739,910 thousand decline to € 1,271,829 thousand in Eastern Europe.

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

in € thousand	2020	Share	2019	Share
Repo	8,625,475	37.0%	7,353,045	33.5%
Loans and advances	4,941,811	21.2%	5,104,112	23.2%
Bonds	3,914,153	16.8%	3,496,816	15.9%
Money market	1,865,441	8.0%	2,149,468	9.8%
Derivatives	2,631,161	11.3%	2,465,890	11.2%
Other	1,360,793	5.8%	1,408,643	6.4%
Total	**23,338,833**	**100.0%**	**21,977,973**	**100.0%**

The increase in repo transactions of € 1,272,430 thousand to € 8,625,475 thousand was attributable to France, Germany, Spain and Italy and was partly offset by the decline in Great Britain and Russia. The increase in bonds of € 417,337 thousand to € 3,914,153 thousand was largely attributable to bonds of international organizations and Austrian bonds, which was partly offset by a decline in bonds in Luxembourg.

Credit portfolio – Sovereigns

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

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

in € thousand		2020	Share	2019	Share
A1	Excellent credit standing	1,146,065	2.4%	898,251	2.5%
A2	Very good credit standing	20,404,550	41.9%	13,395,868	37.5%
A3	Good credit standing	10,527,934	21.6%	8,302,314	23.2%
B1	Sound credit standing	756,684	1.6%	532,386	1.5%
B2	Average credit standing	10,344,098	21.2%	7,826,343	21.9%
B3	Mediocre credit standing	3,087,780	6.3%	2,733,288	7.6%
B4	Weak credit standing	662,062	1.4%	664,699	1.9%
B5	Very weak credit standing	1,806,111	3.7%	1,391,615	3.9%
C	Doubtful/high default risk	717	0.0%	2,816	0.0%
D	Default	1,585	0.0%	1,922	0.0%
NR	Not rated	1,553	0.0%	7,554	0.0%
Total		**48,739,138**	**100.0%**	**35,757,056**	**100.0%**

Compared to year-end 2019, the credit exposure to sovereigns increased € 12,982,083 thousand to € 48,739,138 thousand.

Rating grade A1 registered an increase of € 247,813 thousand to € 1,146,065 thousand, which was due to the increase in German sovereign bonds. The increase in rating grade A2 of € 7,008,682 thousand to € 20,404,550 thousand was due to deposits with the Austrian National Bank and credit financing with the public sector in Austria. Money market transactions in Austria and the bond portfolio in Germany and France also increased. There was also an increase of € 2,225,621 thousand to € 10,527,934 thousand in rating grade A3. This resulted from the bond portfolio of the Czech Republic, Slovakia and German federal states. The minimum reserve in Slovakia and repo transactions in the Czech Republic also increased. There were also rating upgrades from B1 to A3 for German and Irish bonds. The increase was offset by a decline in money market transactions at the Czech National Bank. The increase in rating grade B2 of € 2,517,755 thousand to € 10,344,098 thousand resulted from the increase in money market transactions at the Hungarian National Bank and overdraft facilities at the National Bank of Romania. In addition, Croatia and Italy registered rating downgrades from B2 to B3, while Hungary's rating improved from B3 to B2. Rating grade B5 registered an increase of € 414,496 thousand to € 1,806,111 thousand, as a result of increases in money market transactions and bonds with Ukraine.

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

in € thousand	2020	Share	2019	Share
Loans and advances	24,186,753	49.6%	16,088,779	45.0%
Bonds	16,808,787	34.5%	14,349,614	40.1%
Repo	4,206,737	8.6%	3,627,600	10.1%
Money market	3,423,416	7.0%	1,513,257	4.2%
Derivatives	42,400	0.1%	57,176	0.2%
Other	71,045	0.1%	120,631	0.3%
Total	**48,739,138**	**100.0%**	**35,757,056**	**100.0%**

The € 8,097,975 thousand increase in loans and advances to € 24,186,753 thousand was mainly driven by Austria, Croatia, Russia, Slovakia, Germany and Hungary. The increase was offset by a decline in Spain and Russia (largely due to the depreciation of the Russian ruble). The increase in bonds of € 2,549,174 thousand to € 16,808,787 thousand resulted from Germany, Slovakia, Ukraine and the Czech Republic, and was partly offset by a decline in Hungary, Albania and Russia, which was partly caused by the depreciation of the Russian ruble. The increase in the repo products group of € 579,137 thousand to € 4,206,737 thousand was attributable to the Czech Republic. In addition, the increase in money market transactions in Hungary, Austria, Russia and Ukraine was responsible for the increase in the credit exposure to the sovereign sector.

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

in € thousand	2020	Share	2019	Share
Ukraine	1,072,508	43.4%	696,196	33.7%
Albania	634,944	25.7%	637,592	30.8%
Bosnia and Herzegovina	459,795	18.6%	396,045	19.1%
Belarus	207,074	8.4%	244,553	11.8%
Other	97,707	4.0%	94,219	4.6%
Total	**2,472,028**	**100.0%**	**2,068,606**	**100.0%**

The non-investment grade credit exposure to sovereigns mainly comprised deposits of Group units at central banks in Central, Eastern, and Southeastern Europe. The deposits serve to fulfil the respective minimum reserve requirements and act as a vehicle for short-term investment of excess liquidity and are therefore inextricably linked with business activity in these countries. The increase in the credit exposure of € 376,312 thousand to € 1,072,508 thousand in Ukraine was due to money market transactions (partly offset by the depreciation of the Ukrainian hryvnia).

Non-performing exposures (NPE)

Since November 2019 RBI has fully applied the new definition of default of the CRR and also the corresponding requirements of the EBA (EBA/GL/2016/07). The new definition of default results in 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 working on these model adjustments. Due to the COVID-19 outbreak, RBI is also implementing the latest EBA guideline (EBA/GL/2020/02) on legislative and non-legislative moratoriums for loan payments applied in light of the COVID-19 crisis. This should support the group units in providing the necessary relief measures to borrowers and mitigate the potential impact on the volumes of non-performing exposures with restructuring measures, forborne and defaulted/non-performing exposures and the income statement.

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

	NPE		NPE ratio		NPE coverage ratio	
in € thousand	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**
General governments	2,053	2,246	0.1%	0.2%	91.6%	98.8%
Banks	3,782	4,285	0.0%	0.0%	76.7%	100.0%
Other financial corporations	95,050	55,844	0.8%	0.5%	38.1%	58.7%
Non-financial corporations	1,627,397	1,734,409	3.7%	3.9%	58.1%	57.4%
Households	1,111,762	1,141,255	3.1%	3.2%	69.0%	66.8%
Loans and advances	**2,840,043**	**2,938,040**	**2.1%**	**2.4%**	**61.7%**	**61.2%**
Bonds	**10,587**	**11,344**	**0.1%**	**0.1%**	**–**	**–**
Total	**2,850,630**	**2,949,384**	**1.9%**	**2.1%**	**61.5%**	**61.0%**

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

in € thousand	As at 1/1/2020	Change in consolidated group	Exchange rate	Additions	Disposals	As at 31/12/2020
General governments	2,246	0	0	1,729	(1,922)	2,053
Banks	4,285	0	(262)	1	(242)	3,782
Other financial corporations	55,844	0	(1,789)	46,215	(5,221)	95,050
Non-financial corporations	1,734,409	(3,330)	(63,827)	638,529	(678,385)	1,627,397
Households	1,141,255	0	(67,010)	466,961	(429,444)	1,111,762
Loans and advances (NPL)	**2,938,040**	**(3,330)**	**(132,888)**	**1,153,435**	**(1,115,214)**	**2,840,043**
Bonds	**11,344**	**0**	**0**	**261**	**(1,018)**	**10,587**
Total (NPE)	**2,949,384**	**(3,330)**	**(132,888)**	**1,153,696**	**(1,116,232)**	**2,850,630**

in € thousand	As at 1/1/2019	Change in consolidated group	Exchange rate	Additions	Disposals	As at 31/12/2019
General governments	2,291	0	2	0	(47)	2,246
Banks	8,445	0	75	268	(4,503)	4,285
Other financial corporations	80,846	0	(768)	33,281	(57,515)	55,844
Non-financial corporations	2,079,678	0	30,003	588,227	(963,498)	1,734,409
Households	1,228,301	0	32,806	558,883	(678,736)	1,141,255
Loans and advances (NPL)	**3,399,562**	**0**	**62,118**	**1,180,660**	**(1,704,300)**	**2,938,040**
Bonds	**9,004**	**0**	**0**	**11,334**	**(8,994)**	**11,344**
Total (NPE)	**3,408,566**	**0**	**62,118**	**1,191,993**	**(1,713,294)**	**2,949,384**

The volume of the non-performing exposure decreased € 98,754 thousand. The organic increase was € 37,464 thousand. In contrast, the general currency trend led to a reduction of € 136,218 thousand, notably as a result of the depreciation of the Russian ruble and the Ukrainian hryvnia. Likewise, sales of non-performing loans (€ 202,243 thousand) took place and loans that were no longer economically recoverable (€ 276,252 thousand) were derecognized. These were mainly distributed in Central Europe (€ 155,194 thousand), Southeastern Europe (€ 104,152 thousand), Eastern Europe (€ 98,722 thousand) and RBI AG (€ 101,808 thousand). The NPE ratio in relation to the total exposure sank 0.2 percentage points to 1.9 per cent, while the coverage ratio increased 0.5 percentage points to 61.5 per cent.

Non-financial corporations registered a decline in non-performing exposure of € 107,012 thousand compared to the beginning of the year to € 1,627,397 thousand, mainly due to sales and derecognitions in the Group Corporates & Markets segment in a total amount of € 120,426 thousand, in Central Europe of € 58,867 thousand, Eastern Europe of € 46,911 thousand and Southeastern Europe in a total amount of € 37,182 thousand. This was offset by increases in non-performing exposure in all segments. The share of non-performing exposure declined 0.2 percentage points to 3.7 per cent, while the coverage ratio increased slightly by 0.6 percentage points to 58.1 per cent.

In the households portfolio, non-performing exposure was reduced by € 29,493 thousand to € 1,111,762 thousand, mainly due to derecognitions and sales in Central Europe totaling € 96,327 thousand, in Southeastern Europe by € 66,970 thousand and in Eastern Europe by € 51,811 thousand, offset by increases in non-performing exposure in all segments. The share of non-performing exposure to credit exposure went down 0.1 percentage points to 3.1 per cent, and the coverage ratio increased 2.1 percentage points to 69.0 per cent.

Non-performing exposure to other financial corporations increased € 39,205 thousand to € 95,050 thousand, due to an increase in non-performing exposure at RBI AG. The NPE ratio therefore increased 0.4 percentage points to 0.8 per cent, and the coverage ratio fell 20.6 percentage points to 38.1 per cent.

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

	NPE		NPE ratio		NPE coverage ratio	
in € thousand	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**
Central Europe	858,210	988,929	1.9%	2.4%	63.1%	58.6%
Southeastern Europe	768,821	746,819	2.8%	3.0%	70.8%	69.9%
Eastern Europe	399,431	438,179	2.1%	2.0%	57.0%	60.0%
Group Corporates & Markets	821,398	770,935	1.7%	1.7%	53.4%	55.9%
Corporate Center	2,771	4,521	0.0%	0.0%	21.4%	47.0%
Total	**2,850,630**	**2,949,384**	**1.9%**	**2.1%**	**61.5%**	**61.0%**

In Central Europe, the non-performing exposure declined € 130,719 thousand to € 858,210 thousand, primarily due to declines in Poland in the non-financial corporations portfolio of € 90,409 thousand and in the households portfolio of € 56,388 thousand, with sales and derecognitions contributing € 64,690 thousand. The NPE ratio decreased 0.4 percentage points to 1.9 per cent, and the coverage ratio increased 4.5 percentage points to 63.1 per cent.

In Southeastern Europe, non-performing exposure increased € 22,002 thousand to € 768,821 thousand, mainly driven by increases in the households portfolio of € 14,256 thousand and in the non-financial corporations portfolio of € 7,941 thousand. The NPE ratio declined 0.2 percentage points to 2.8 per cent, and the coverage ratio increased 0.8 percentage points since the start of the year to 70.8 per cent.

The Eastern Europe segment registered a decrease in non-performing exposure of € 38,749 thousand to € 399,431 thousand attributable to Ukraine, which recorded an overall decline of € 96,444 thousand, mainly due to sales and derecognitions totaling € 58,064 thousand and the strong depreciation of the Ukrainian hryvnia. In contrast, Russia registered an increase in a total amount of € 59,772 thousand, in the non-financial corporations portfolio of € 33,739 thousand and in the households portfolio of € 26,153 thousand, reduced by the depreciation of the Russian ruble and sales amounting to € 35,325 thousand. The share of non-performing exposure to credit exposure in Eastern Europe increased 0.1 percentage points to 2.1 per cent, and the coverage ratio declined 3.0 percentage points to 57.0 per cent.

Non-performing exposure in the Group Corporates & Markets segment increased € 50,463 thousand compared to the start of the year to € 821,398 thousand. In the reporting period, the non-performing exposure at RBI AG increased € 74,422 thousand, whereas in contrast, at Raiffeisen Leasing Group it fell € 6,960 thousand to € 87,848 thousand. The NPE ratio remained constant at 1.7 per cent since the start of the year, and the NPE coverage ratio stood at 53.4 per cent, 2.5 percentage points below the figure at the start of the year.

Non-performing exposure with restructuring measures:

	Refinancing		Instruments with modified time and modified conditions		Total	
in € thousand	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**
General governments	0	0	1,585	0	1,585	0
Banks	0	0	0	0	0	0
Other financial corporations	0	7,040	39,784	28,184	39,784	35,224
Non-financial corporations	55,359	34,602	782,253	864,369	837,612	898,971
Households[1]	8,465	16,488	275,836	254,314	284,300	270,802
Total	**63,824**	**58,130**	**1,099,457**	**1,146,867**	**1,163,281**	**1,204,997**

1 Adaptation of previous year figures due to an incorrect allocation to households in the previous year (€ 251,325 thousand)

The non-performing portfolio with accompanying restructuring measures reduced further in 2020.

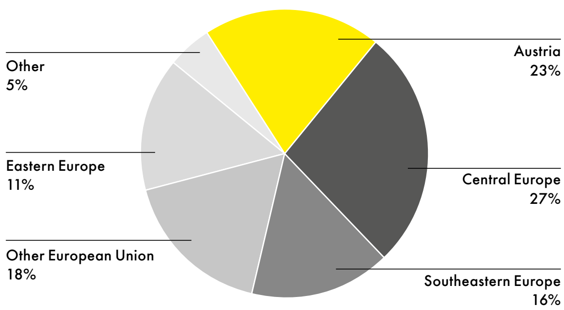
Non-performing exposure with restructuring measures by segments:

in € thousand	2020	Share	2019[1]	Share
Central Europe	228,867	19.7%	274,709	22.8%
Southeastern Europe	266,076	22.9%	271,177	22.5%
Eastern Europe	155,954	13.4%	212,914	17.7%
Group Corporates & Markets	512,384	44.0%	446,198	37.0%
Total	**1,163,281**	**100.0%**	**1,204,997**	**100.0%**

1 Adaptation of previous year figures due to an incorrect allocation for households in the previous year (€ 251,325 thousand)

Country risk

Credit exposure by risk country taking into consideration the guarantor



Country risk includes transfer and convertibility risk as well as political risk. It arises from cross-border transactions and direct investments in foreign countries. The Group is exposed to country risk due to its business activities in the Central and Eastern European markets, where political and economic risks continue to be seen as relatively significant in some cases.
Active country risk management in the Group is based on the country risk policy set by the Management Board. This policy is part of the credit portfolio limit system and sets a strict limitation on cross-border risk exposure to individual countries in order to avoid risk concentrations. The Group's business units must therefore submit limit applications for the respective countries with regard to all cross-border transactions as part of their day-to-day operations, in addition to complying with customer-specific limits. The absolute limits for individual countries are set using a model that takes the internal rating for the sovereign, the size of the country, and the Group's own capitalization into account.

Country risk also is reflected in product pricing and in risk-adjusted performance measurement via the internal funds transfer pricing system. In this manner, the Group provides the business units with an incentive to mitigate country risk by taking out insurance (e.g. from export credit insurance organizations) or seeking guarantors in third countries. The insights gained from the country risk analysis are not only used for limiting the total cross-border exposure, but also for limiting the total credit exposure in each individual country (i.e. including the exposure funded by local deposits). The Group thus gears its business activities to the expected macroeconomic trend within different markets, which promotes broad diversification of its credit portfolio.

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.

Credit exposures across all asset classes by the country of risk, grouped by regions:

in € thousand	2020	Share	2019	Share
Central Europe	**54,121,744**	**26.7%**	**50,670,481**	**26.8%**
Czech Republic	22,381,991	11.0%	21,539,253	11.4%
Slovakia	18,068,930	8.9%	16,672,111	8.8%
Hungary	8,824,851	4.4%	7,337,718	3.9%
Poland	4,434,576	2.2%	4,728,409	2.5%
Other	411,397	0.2%	392,990	0.2%
Austria	**46,695,642**	**23.0%**	**38,380,850**	**20.3%**
Other European Union	**36,190,992**	**17.9%**	**32,836,745**	**17.4%**
Germany	10,968,341	5.4%	10,453,915	5.5%
Great Britain	8,063,262	4.0%	8,191,834	4.3%
France	5,902,316	2.9%	4,191,227	2.2%
Spain	2,491,119	1.2%	1,989,651	1.1%
Luxembourg	1,791,109	0.9%	2,338,718	1.2%
Netherlands	1,554,150	0.8%	1,308,485	0.7%
Italy	1,309,721	0.6%	1,304,720	0.7%
Other	4,110,974	2.0%	3,058,196	1.6%
Southeastern Europe	**32,971,816**	**16.3%**	**30,496,962**	**16.1%**
Romania	12,872,517	6.3%	11,580,775	6.1%
Croatia	5,749,147	2.8%	5,416,544	2.9%
Bulgaria	5,552,214	2.7%	5,246,703	2.8%
Serbia	3,876,237	1.9%	3,503,442	1.9%
Bosnia and Herzegovina	2,311,807	1.1%	2,262,489	1.2%
Albania	1,606,914	0.8%	1,599,514	0.8%
Other	1,002,980	0.5%	887,494	0.5%
Eastern Europe	**23,294,494**	**11.5%**	**27,455,469**	**14.5%**
Russia	18,092,289	8.9%	21,424,904	11.3%
Ukraine	3,164,569	1.6%	3,611,935	1.9%
Belarus	1,780,839	0.9%	2,183,849	1.2%
Other	256,797	0.1%	234,780	0.1%
Switzerland	**2,611,344**	**1.3%**	**2,690,997**	**1.4%**
Asia	**2,326,783**	**1.1%**	**2,268,831**	**1.2%**
North America	**2,277,768**	**1.1%**	**2,740,116**	**1.4%**
Rest of World	**2,236,406**	**1.1%**	**1,543,399**	**0.8%**
Total	**202,726,989**	**100.0%**	**189,083,851**	**100.0%**

Credit exposure across all asset classes increased € 13,643,138 thousand to € 202,726,989 thousand compared to year-end 2019.

Central Europe registered an increase of € 3,451,263 thousand to € 54,121,744 thousand mainly resulting from credit financing and money market transactions in Hungary and from the bond portfolio and from credit financing in Slovakia. Bonds, facility financing and repo transactions also increased in the Czech Republic, as did the minimum reserve of the National Bank of Slovakia. The increase was offset by the depreciation of the Czech koruna, the Hungarian forint and the Polish zloty. Austria registered an increase of € 8,314,791 thousand to € 46,695,641 thousand, due to deposits with the Austrian National Bank and to credit financing. The increase of € 3,354,181 thousand to € 36,190,926 thousand in the rest of the European Union was mainly due to bonds and repo transactions in France, Germany and Spain. In addition, bonds of international organizations, repo transactions in Belgium and facility financing in Ireland increased. Credit financing in Germany also increased. The decline in Russia was mainly responsible for the decline in Eastern Europe of €4,160,975 thousand to € 23,294,494 thousand. In addition to the depreciation of the Russian ruble, there was a decline in repo transactions and credit financing. Moreover, the decline in Eastern Europe was exacerbated by the depreciation of the Ukrainian hryvnia and of the Belarusian ruble. In Southeastern Europe, the increase of € 2,474,854 thousand to € 32,971,816 thousand was caused by bonds and overdraft facilities in Romania.

Credit exposure across all asset classes by currencies:

in € thousand	2020	Share	2019	Share
Euro (EUR)	114,799,115	56.6%	100,663,196	53.2%
Czech koruna (CZK)	20,190,209	10.0%	19,376,440	10.2%
US dollar (USD)	17,445,647	8.6%	18,007,980	9.5%
Russian ruble (RUB)	13,781,293	6.8%	17,260,651	9.1%
Romanian leu (RON)	8,564,113	4.2%	7,509,135	4.0%
Hungarian forint (HUF)	7,139,481	3.5%	5,804,898	3.1%
Bulgarian lev (BGN)	3,504,641	1.7%	3,255,723	1.7%
Croatian kuna (HRK)	3,406,094	1.7%	3,086,246	1.6%
Swiss franc (CHF)	2,686,952	1.3%	2,916,710	1.5%
Ukrainian hryvnia (UAH)	2,550,622	1.3%	2,805,649	1.5%
Bosnian marka (BAM)	2,285,780	1.1%	2,250,781	1.2%
Serbian dinar (RSD)	1,834,066	0.9%	1,549,441	0.8%
Albanian lek (ALL)	1,209,838	0.6%	1,120,510	0.6%
Belarusian ruble (BYN)	864,880	0.4%	1,178,594	0.6%
Other foreign currencies	2,464,259	1.2%	2,297,897	1.2%
Total	**202,726,989**	**100.0%**	**189,083,851**	**100.0%**

The € 14,135,920 thousand increase in euro exposure to € 114,799,115 thousand was driven by deposits with the Austrian National Bank, the bond portfolio of the Republic of Austria and by credit and facility financing. The decline in the Russian ruble was caused by the currency depreciation. The credit exposure in Czech koruna increased, despite the currency depreciation, due to an increase in the bond portfolio, facility financing and repo transactions. The depreciation of the Hungarian forint was more than offset by the increase in money market transactions. The credit exposure in Romanian leu increased due to bonds and the minimum reserve.

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

in € thousand	2020	Share	2019	Share
Banking and insurance	60,676,129	29.9%	50,884,049	26.9%
Private households	38,702,379	19.1%	39,134,241	20.7%
Public administration and defense and social insurance institutions	17,561,019	8.7%	13,770,783	7.3%
Other manufacturing	17,017,232	8.4%	16,565,229	8.8%
Wholesale trade and commission trade (except car trading)	14,254,703	7.0%	14,805,845	7.8%
Real estate activities	11,065,272	5.5%	10,183,209	5.4%
Construction	5,979,819	2.9%	6,169,058	3.3%
Retail trade except repair of motor vehicles	5,559,626	2.7%	5,099,390	2.7%
Electricity, gas, steam and hot water supply	3,736,383	1.8%	3,684,371	1.9%
Manufacture of basic metals	2,434,573	1.2%	2,787,686	1.5%
Other business activities	2,333,903	1.2%	2,312,703	1.2%
Manufacture of food products and beverages	2,260,609	1.1%	2,450,904	1.3%
Land transport, transport via pipelines	2,254,077	1.1%	2,233,266	1.2%
Other transport	1,913,921	0.9%	1,763,726	0.9%
Manufacture of machinery and equipment	1,735,036	0.9%	1,864,231	1.0%
Sale of motor vehicles	1,210,068	0.6%	1,300,809	0.7%
Extraction of crude petroleum and natural gas	1,057,244	0.5%	1,103,217	0.6%
Other industries	12,974,996	6.4%	12,971,134	6.9%
Total	**202,726,989**	**100.0%**	**189,083,851**	**100.0%**

Structured credit portfolio

The Group invests in structured products. The total exposure to structured products showed a nominal amount of € 514,826 thousand (2019: € 621,423 thousand) and a carrying amount of € 167,983 thousand (2019: € 348,946 thousand). These are mainly investments in asset-backed securities (ABS), asset-based financing (ABF), and in some cases collateralized debt obligations (CDO). A total of 11.90 per cent of the portfolio (2019: 42.12 per cent) contains loans and advances to European customers. The year-on-year reduction is attributable to sales and interim repayments based on the repayment schedule.

Counterparty credit risk

The default of a counterparty in a derivative, repurchase, securities lending, or borrowing transaction can lead to losses from re-establishing an equivalent contract. In the Group this risk is measured by the mark-to-market approach where a predefined add-on is added to the current positive fair value of the contract in order to account for potential future changes. For internal management purposes potential price changes, which affect the fair value of an instrument, are calculated specifically for different contract types based on historical market price changes.

For derivative contracts the standard limit approval process applies, where the same risk classification, limitation, and monitoring process is used as for traditional lending. In doing so, the weighted nominal exposure of derivative contracts is added to the customers' total exposure in the limit application and monitoring process as well as in the calculation and allocation of internal capital.

An important strategy for reducing counterparty credit risk is utilization of credit risk mitigation techniques such as netting agreements and collateralization. In general, the Group strives to establish standardized ISDA master agreements with all major counterparties for derivative transactions in order to be able to perform close-out netting and credit support annexes (CSA) for full risk coverage for positive fair values on a daily basis.

(52) Market risk

The Group defines market risk as the risk of possible losses arising from changes in market prices of trading and investment positions. Market risk estimates are based on changes in exchange rates, interest rates, credit spreads, equity and commodity prices, and other market parameters (e.g. implied volatilities).

Market risks from the customer divisions are transferred to the Treasury division using the transfer price method. Treasury is responsible for managing structural market risks and for complying with the Group's overall limit. The Capital Markets division is responsible for proprietary trading, market making, and customer business in money market and capital market products.

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

Organization of market risk management

All market risks are measured, monitored, and managed on Group level. The Market Risk Committee is responsible for strategic market risk management issues. It is responsible for managing and controlling all market risks in the Group. The Group's overall limit is set by the Management Board on the basis of the risk-taking capacity and income budget. This limit is apportioned to sub-limits in coordination with business divisions according to the strategy, business model and risk appetite.

The Market Risk Management department ensures that the business volume and product range comply with the defined strategy of the Group. It is responsible for implementing and enhancing risk management processes, risk management infrastructure and systems, manuals, and measurement techniques for all market risk categories and credit risk arising from market price changes in derivative transactions. Furthermore, Market Risk Management independently measures and reports all market risks on a daily basis.

All products in which open positions can be held are listed in the product catalog. New products are added to this list only after successfully completing the product approval process. Product applications are investigated thoroughly for any risks. They are approved only if the new products can be implemented in the bank's front- and back-office and risk management systems.

Limit system

The Group uses a comprehensive risk management approach for both the trading and the banking book (total-return approach). Market risk is therefore managed consistently in all trading and banking books. The following indicators are measured and limited on a daily basis in the market risk management system:

- Value-at-Risk (VaR) – confidence level 99 per cent, risk horizon one day
  Value-at-Risk is the main market risk steering instrument in liquid markets and normal market situations. VaR is measured based on a hybrid simulation approach in which 5,000 scenarios are calculated for the regulatory trading book and 4,000 scenarios for the banking book. The approach combines the advantages of a historical simulation and a Monte Carlo simulation and derives market parameters from 500 days of historical data. Distribution assumptions include modern features such as volatility declustering and random time changes, which helps in accurately reproducing fat-tailed and asymmetric distributions. The Austrian Financial Market Authority has approved the VaR model for use in calculating the total capital requirement for market risk. Value-at-risk results are not only used for limiting risk but also in the allocation of economic capital, for which longer time series of seven years are used for interest rate risk.
- Sensitivities (to changes in exchange rates and interest rates, gamma, vega, equity and commodity prices)
  Sensitivity limits are to ensure that concentrations are avoided in normal market situations and are the main steering instrument under extreme market situations and in illiquid markets or in markets that are structurally difficult to measure.
- Stop loss
  Stop loss limits serve to strengthen the discipline of traders such that they do not allow losses to accumulate on their own proprietary positions but strictly limit them instead.

A comprehensive stress testing concept complements this multi-level limit system. It simulates potential present value changes of defined scenarios for the total portfolio. The results on market risk concentrations shown by these stress tests are reported to the Market Risk Committee and taken into account when setting limits. Stress test reports for individual portfolios are included in daily market risk reporting. In the financial year under review, the VaR measurement for the total return approach was adjusted using a historical simulation. In this connection, the calculation of the economic capital was also adjusted, based on a seven-year weighted time series.

Value-at-Risk (VaR)

The following tables show the VaR (99 per cent, 1 day) for the individual market risk categories in the trading book and the banking book. The Group's VaR mainly results from structural equity positions, structural interest rate risk, and credit spread risks of bonds, which are held as liquidity buffer.

Trading book VaR 99% 1d in € thousand	VaR as at 31/12/2020	Average VaR	Minimum VaR	Maximum VaR	VaR as at 31/12/2019
Currency risk	4,822	3,443	330	12,098	2,363
Interest rate risk	1,823	2,639	1,022	5,930	1,746
Credit spread risk	1,975	1,883	668	4,472	693
Share price risk	617	532	352	1,186	418
Vega Risiko[1]	148	356	125	1,764	222
Basis risk	389	708	295	2,123	553
Total	5,378	5,734	2,023	12,339	3,616

1 Previous year figures adjusted due to a change in the Vega simulation in the financial year under review

Banking book VaR 99% 1d in € thousand	VaR as at 31/12/2020	Average VaR	Minimum VaR	Maximum VaR	VaR as at 31/12/2019
Currency risk	11,056	14,949	8,503	37,343	10,426
Interest rate risk	13,508	23,389	6,852	70,678	18,639
Credit spread risk	83,041	44,834	20,016	113,840	21,496
Vega Risiko[1]	2,765	4,403	2,413	12,582	3,153
Basis risk	2,277	3,872	1,288	14,253	3,140
Total	74,202	56,768	29,116	142,791	30,849

1 Previous year figures adjusted due to a change in the Vega simulation in the financial year under review

Total VaR 99% 1d in € thousand	VaR as at 31/12/2020	Average VaR	Minimum VaR	Maximum VaR	VaR as at 31/12/2019
Currency risk	6,906	13,431	5,617	38,366	8,868
Interest rate risk	14,912	26,016	8,289	77,496	19,716
Credit spread risk	83,876	46,103	20,514	116,306	22,099
Share price risk	617	532	352	1,186	418
Vega risk[1]	2,902	4,663	2,481	13,223	3,369
Basis risk	2,451	4,062	1,474	14,675	3,264
Total	72,891	58,353	29,628	147,703	31,447

1 Previous year figures adjusted due to a change in the Vega simulation in the financial year under review

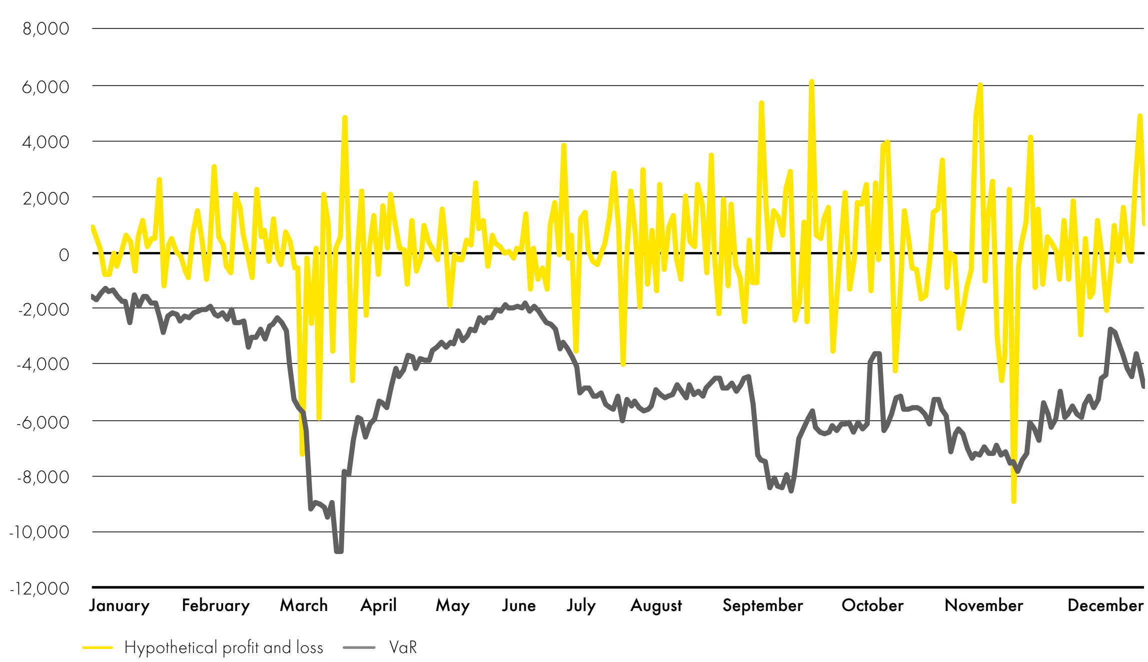
The risk measurement approaches employed are verified – besides analyzing returns qualitatively – on an ongoing basis through backtesting and statistical validation techniques. If model weaknesses are identified, then they are adapted accordingly.

In the 2020 reporting year, there were two hypothetical backtesting violations. The following graph compares the VaR to the theoretical gains and losses on a daily basis. The VaR represents the maximum loss which will not be exceeded within one day, with a confidence level of 99 per cent. It is compared to the respective theoretical gain or loss which would arise on the following day due to the actual market conditions at the time.

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

Value-at-Risk and theoretical market price changes of trading book

in € thousand



In March 2020 there were strong daily changes in hypothetical profit and loss against a sharply increasing VaR, following the outbreak of the COVID-19 crisis which led to a backtesting violation. This was due to daily market fluctuations in long-term euro interest rates of up to 17 basis points. A portfolio of equity instruments, measured in the internal model as perpetuals with maturity in 2099, was the main driver.

In order to protect the Russian capital from fluctuations in the Russian ruble, in the third quarter of 2020 a short position was established which was a key driver of the regulatory trading book. At the beginning of November 2020, the daily appreciation of the Russian ruble was above the 99 per cent quantile, which resulted in a hypothetical backtesting violation.

Exchange rate risk and capital (ratio) hedge

Market risk in the Group results primarily from exchange rate risk, which stems from foreign-currency denominated equity investments in foreign Group units and the corresponding hedging positions entered into by the Group Asset/Liability Committee. In a narrow sense, exchange rate risk denotes the risk of losses being incurred due to open foreign exchange positions. However, exchange rate fluctuations also influence current revenues and expenses. They also affect regulatory capital requirements for assets denominated in foreign currencies, even if they are financed in the same currency and thus do not create an open foreign exchange position.

The Group holds material equity participations located outside of the euro area with equity denominated in the corresponding local currency. Also, a significant share of risk-weighted assets in the Group is denominated in foreign currencies. Changes in foreign exchange rates thus lead to changes in the consolidated capital of the Group and to changes in the total capital requirement for credit risk as well.

There are two different approaches for managing exchange rate risk:

- Preserve equity: With this hedging strategy an offsetting position is held on Group level for local currency denominated equity positions. However, the necessary hedging positions cannot be established in all currencies in the required size. Moreover, these hedges might be inefficient for some currencies if they carry a high interest rate differential.
- Stable capital ratio: The goal of this hedging strategy is to balance tier 1 capital and risk-weighted assets in all currencies according to the targeted tier 1 ratio (i.e. reduce excess capital or deficits in relation to risk-weighted assets for each currency) such that the tier 1 ratio remains stable even if foreign exchange rates change.

The Group aims at stabilizing its capital ratio when managing exchange rate risks. Changes in foreign exchange rates thus lead to changes in the consolidated equity amount; however, the regulatory capital requirement for credit risks stemming from assets denominated in foreign currencies also changes correspondingly. This risk is managed on a monthly basis in the Group Asset/Liability Committee based on historical foreign exchange volatilities, exchange rate forecasts, and the sensitivity of the tier 1 ratio to changes in individual foreign exchange rates.

The following table shows all material open foreign exchange rate positions as at 31 December 2020 and the corresponding values for the previous year. The numbers include both trading positions as well as capital positions of the subsidiaries with foreign currency denominated statements of financial position.

in € thousand	2020	2019
ALL	(30,661)	(11,523)
BAM	105,984	120,238
BGN	60,655	126,284
BYN	116,958	152,934
CNY	(1,843)	(2,658)
CHF	(339,382)	(403,298)
CZK	197,827	212,336
HRK	351,710	359,413
HUF	(91,140)	341,122
PLN	(6,674)	20,000
RON	181,764	368,274
RSD	345,117	354,927
RUB	228,480	441,145
UAH	22,133	(131,678)
USD	(550,601)	(462,845)

Interest rate risk in the trading book

The following tables show the largest present value changes for the trading book of the Group given a one-basis-point interest rate increase for the whole yield curve in € thousand for the reporting dates 31 December 2020 and 31 December 2019.

2020 in € thousand	Total	< 3 m	> 3 to 6 m	> 6 to 12 m	> 1 to 2 y	> 2 to 3 y	> 3 to 5 y	> 5 to 7 y	> 7 to 10 y	> 10 to 15 y	> 15 to 20 y	>20y
ALL	0	0	0	0	0	0	0	0	0	0	0	0
CHF	1	0	(1)	2	(2)	(1)	3	(1)	0	1	0	0
CNY	4	0	0	4	0	0	0	0	0	0	0	0
CZK	26	(1)	3	13	18	(1)	(1)	(2)	(1)	(1)	0	0
EUR	(300)	(2)	(10)	(17)	(15)	(22)	9	(28)	(31)	(72)	(49)	(63)
HRK	(5)	1	0	9	(4)	(4)	(6)	0	(1)	1	0	0
HUF	(10)	4	(3)	(2)	(6)	6	(5)	(7)	6	1	(3)	0
NOK	0	0	0	0	(1)	1	0	0	0	0	0	0
PLN	7	(6)	(1)	(2)	6	4	(11)	14	4	0	0	0
RON	(13)	1	3	(1)	(4)	(3)	5	(11)	(2)	(1)	0	0
RUB	(76)	(2)	7	(5)	(18)	(29)	(8)	(15)	(9)	4	0	0
UAH	(20)	0	0	(2)	(4)	(5)	(7)	(2)	0	0	0	0
USD	(16)	5	(13)	18	(26)	14	8	(16)	34	(70)	36	(7)
Other	(16)	0	0	(1)	(3)	(2)	1	(1)	(3)	(7)	0	0

The presentation of currencies changed year-on-year depending on the absolute amount of interest rate sensitivity.

2019 in € thousand	Total	< 3 m	> 3 to 6 m	> 6 to 12 m	> 1 to 2 y	> 2 to 3 y	> 3 to 5 y	> 5 to 7 y	> 7 to 10 y	> 10 to 15 y	> 15 to 20 y	>20y
ALL	0	0	0	0	0	0	0	0	0	0	0	0
CHF	(4)	(4)	(2)	(3)	5	0	2	(2)	(1)	1	0	0
CNY	4	0	0	4	0	0	0	0	0	0	0	0
CZK	1	8	(3)	(14)	12	4	(6)	(1)	7	(7)	0	0
EUR	(184)	9	(22)	4	3	(23)	(30)	(25)	23	(27)	(23)	(73)
HRK	(30)	1	(1)	5	(7)	(2)	(10)	(1)	(5)	(9)	0	0
HUF	(5)	(4)	6	(5)	2	(12)	9	(3)	3	(1)	0	0
NOK	3	0	1	0	(1)	2	2	0	0	0	0	0
PLN	26	2	6	3	0	(1)	12	0	4	0	0	0
RON	(24)	0	1	1	0	(6)	5	(13)	(5)	(7)	0	0
RUB	(42)	(2)	(5)	(10)	13	(11)	(35)	(18)	23	7	(4)	0
UAH	(13)	0	0	0	(4)	(3)	(7)	(1)	0	0	0	0
USD	(59)	(5)	(6)	(8)	(20)	(34)	39	1	2	(29)	13	(12)
Other	(12)	1	1	(1)	(3)	(2)	(3)	(4)	(1)	0	0	0

Interest rate risk in the banking book

Different maturities and repricing schedules of assets and the corresponding liabilities (i.e. deposits and financing from money markets and capital markets) cause interest rate risk in the Group. This risk arises in particular from different interest rate sensitivities, rate adjustments, and other optionality of expected cash flows. Interest rate risk in the banking book is material for the euro and US dollar as major currencies as well as for local currencies of Group units located in Central and Eastern Europe.

This risk is mainly hedged by a combination of transactions on and off the statement of financial position where in particular interest rate swaps and – to a smaller extent – also interest rate forwards and interest rate options are used. Management of the statement of financial position is a core task of the central Global Treasury division and of individual network banks, which are supported by the Group Asset/Liability Committee. They base their decisions on various interest income analyses and simulations that ensure proper interest rate sensitivity in line with expected changes in market rates and the overall risk appetite.

Interest rate risk in the banking book is not only measured within a value-at-risk framework but also managed by the traditional tools of nominal and interest rate gap analyses. Interest rate risk is subject to quarterly reporting in the context of the interest rate risk statistic submitted to the banking supervisor. This report also shows the change in the present value of the banking book as a percentage of total capital in line with the CRR requirements. Maturity assumptions needed in this analysis are defined as specified by regulatory authorities and based on internal statistics and empirical values.

The following tables show the change in the present value of the Group's banking book given a one-basis-point interest rate increase for the whole yield curve in € thousand for reporting dates 31 December 2020 and 31 December 2019.

2020 in € thousand	Total	< 3 m	> 3 to 6 m	> 6 to 12 m	> 1 to 2 y	> 2 to 3 y	> 3 to 5 y	> 5 to 7 y	> 7 to 10 y	> 10 to 15 y	> 15 to 20 y	>20y
ALL	32	0	(1)	(6)	9	16	13	1	6	1	(4)	(3)
BGN	7	(5)	7	37	31	15	(39)	(7)	(29)	(2)	(1)	0
BYN	(20)	(2)	(1)	(5)	(2)	(1)	(3)	(2)	(3)	(2)	0	0
CHF	(202)	(41)	(4)	4	(4)	(12)	(12)	(11)	(35)	(43)	(32)	(12)
CNY	(3)	0	(1)	(2)	0	0	0	0	0	0	0	0
CZK	74	(2)	(5)	26	(61)	(39)	11	63	90	45	(46)	(7)
EUR	(1,836)	70	(45)	(204)	(406)	(330)	154	302	(704)	(339)	(379)	45
GBP	(33)	0	(2)	0	(13)	(5)	(5)	(8)	0	0	0	0
HRK	154	(2)	(2)	9	1	(12)	105	(11)	49	17	0	0
HUF	(94)	5	(3)	0	(18)	(17)	(39)	(54)	34	(2)	(1)	0
PLN	(21)	0	(1)	2	(8)	(5)	(7)	(2)	0	0	0	0
RON	(277)	(8)	1	12	7	(20)	29	(124)	(76)	(60)	(32)	(6)
RSD	(27)	1	(2)	0	(15)	2	(2)	(12)	2	0	0	0
RUB	235	(16)	2	(20)	8	0	56	66	144	(6)	1	0
SGD	1	0	0	1	0	0	0	0	0	0	0	0
UAH	(29)	5	2	3	(10)	(5)	(15)	(7)	(1)	(1)	0	0
USD	106	20	(21)	45	6	(6)	51	(3)	9	3	1	0
Other	(53)	(3)	(5)	(7)	(8)	(4)	(8)	(6)	(1)	(3)	(5)	(2)

The presentation of currencies changed year-on-year depending on the absolute amount of interest rate sensitivity.

2019 in € thousand	Total	< 3 m	> 3 to 6 m	> 6 to 12 m	> 1 to 2 y	> 2 to 3 y	> 3 to 5 y	> 5 to 7 y	> 7 to 10 y	> 10 to 15 y	> 15 to 20 y	>20y
ALL	18	(1)	(4)	1	(2)	17	(3)	1	3	3	2	1
BGN	72	(3)	4	30	29	29	1	(9)	(4)	(2)	0	0
BYN	(4)	0	1	(5)	(4)	2	5	(1)	(1)	0	0	0
CHF	(238)	(41)	(3)	(1)	2	(8)	(23)	(13)	(40)	(51)	(38)	(23)
CNY	(3)	0	(1)	(1)	0	0	0	0	0	0	0	0
CZK	(318)	10	(12)	2	(84)	(22)	(89)	42	67	(148)	(79)	(8)
EUR	(2,634)	124	(52)	(45)	(704)	(468)	(148)	305	(544)	(530)	(542)	(29)
GBP	(18)	(4)	(5)	1	1	(2)	(7)	(2)	0	0	0	0
HRK	(10)	2	(4)	(11)	(10)	7	0	(12)	14	4	0	0
HUF	(101)	(5)	(8)	2	(3)	(35)	(17)	(37)	11	(8)	(1)	0
PLN	(14)	(3)	(1)	(1)	(1)	0	(1)	(5)	0	0	0	0
RON	(193)	(7)	(1)	22	39	33	(128)	(101)	(41)	(8)	(1)	0
RSD	(45)	(1)	(2)	5	(24)	(8)	4	(21)	1	1	0	0
RUB	(519)	2	(20)	(49)	(207)	(121)	(43)	29	61	(94)	(59)	(17)
SGD	1	0	0	1	0	0	0	0	0	0	0	0
UAH	(79)	4	(2)	(9)	(24)	(14)	(22)	(5)	(3)	(2)	0	0
USD	163	35	(9)	(25)	(7)	23	53	14	40	34	5	0
Other	(19)	6	(3)	(8)	(4)	(2)	(2)	1	0	(2)	(4)	(2)

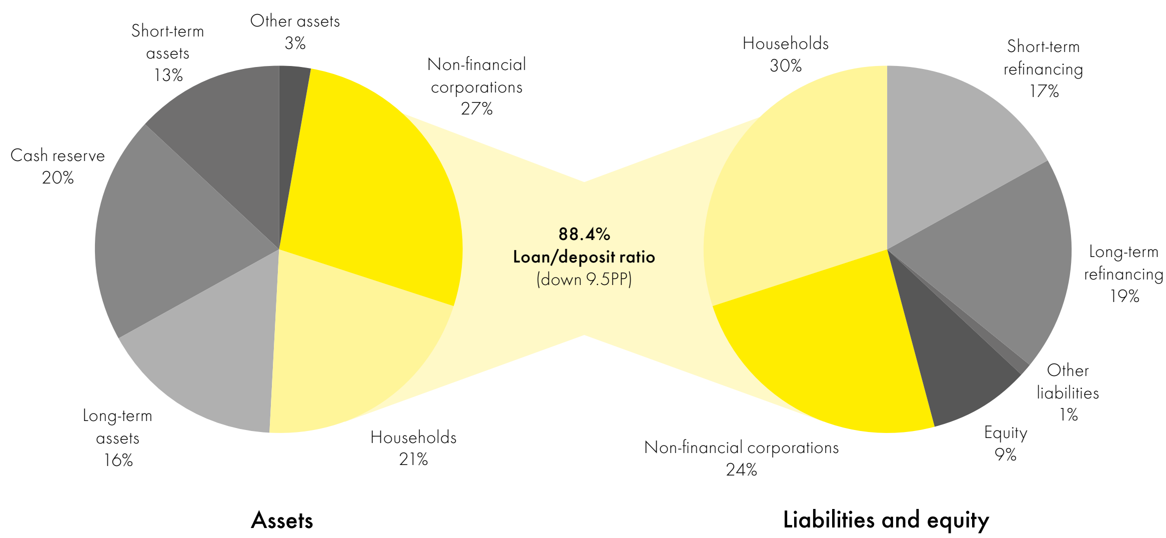
Credit spread risk

The market risk management framework uses time-dependent bond and CDS spread curves as risk factors in order to measure credit spread risks. It captures all capital market instruments in the trading and banking book.

(53) 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.



Principles

Internal liquidity management is an important business processes within general bank management, because it ensures the continuous availability of funds required to cover day-to-day demands.

Liquidity adequacy is ensured from both an economic and a regulatory perspective. In order to approach the economic perspective RBI Group established a governance framework comprising internal limits and steering measures which complies with the Principles for Sound Liquidity Risk Management and Supervision set out by the Basel Committee on Banking Supervision and the Kreditinstitute-Risikomanagement-Verordnung (KI-RMV) by the Austrian regulatory authority.

The regulatory component is addressed by complying with the reporting requirements under Basel III (Liquidity Coverage Ratio, Net Stable Funding Ratio, and Additional Liquidity Monitoring Metrics) as well as by complying with the regulatory limits. In addition some Group units have additional liquidity and reporting requirements set by their local supervisory authorities.

Organization and responsibility

Responsibility for ensuring adequate levels of liquidity lies with the overall Management Board. The board members with functional responsibility are the Chief Financial Officer (Treasury/ALM) and the Chief Risk Officer (Risk). Accordingly, the processes regarding liquidity risk are run essentially by two areas within the bank: On the one side the Treasury units, which take on liquidity risk positions within the strategy, guidelines and parameters set by the responsible decision-making bodies. On the other side they are monitored and supported by independent Risk Controlling units, which measure and model liquidity risk positions, set limits and supervise the compliance with those.

Besides the responsible units in the line functions, there are respective asset/liability management committees (ALCOs) set up in all network banks. These committees act as decision making bodies with respect to all matters affecting the management of the liquidity position and balance sheet structure of a unit including the definition of strategies and policies for managing liquidity risks.

The ALCOs take decisions and provide standard reports on liquidity risk to the Board of Management at least on a monthly basis. On group level these functions are taken by the RBI Group ALCO. Treasury ALM operations and respective ALCO decisions are mainly based on Group-wide, standardized Group rules and their local supplements, which take specific regional factors into account.

Liquidity strategy

Treasury units are committed to achieving KPIs and to complying with risk-based principles. The current set of KPIs includes general targets (e.g. for return on risk-adjusted capital (RORAC) or coverage ratios), as well as specific Treasury targets for liquidity such as a minimum survival period in defined stress scenarios or minimum liquidity targets in regulatory indicators. While generating an adequate structural income from maturity transformation which reflects the liquidity and market risk positions taken by the bank, Treasury has to follow a prudent and sustainable risk policy when steering the balance sheet. Strategic goals comprise a reduction of parent funding within the group, the sustainable management of the depositor base and credit growth as well as continuous compliance with regulatory requirements and the internal limit framework.

Liquidity risk framework

Regulatory and internal liquidity reports and ratios are generated based on certain modelling assumptions. Whereas the regulatory reports are calculated on specifications given by authorities, the internal reports are modelled with assumptions from empirical observations.

The Group has a substantial database along with expertise in forecasting cash flows arising from all material on- and off-balance sheet positions. The modelling of liquidity in- and outflows is carried out on an appropriate granular level, differentiating between product and customer segments, and, where applicable, currencies as well. Modelling of retail and corporate customer deposits includes assumptions concerning the retention times for deposits after maturity. The model assumptions are quite prudent, e.g. there is a no rollover assumption on funding from banks and all funding channels and the liquidity buffer are stressed simultaneously.

The cornerstones of the economic liquidity risk framework are the Going Concern (GC) and the Time to Wall (TTW) scenario. The Going Concern report shows the structural liquidity position. It covers all main risk drivers which could detrimentally affect the group in a business-as-usual scenario. The Going Concern Models are important input factors for the liquidity contribution to the internal Funds transfer pricing model. On the other hand, the Time to Wall report shows the survival horizon for defined adverse scenarios and stress models (market, reputational and combined crisis) and determines the minimum level of the liquidity buffer (and/or the counter-balancing capacity) of the Group and its individual units.

The liquidity scenarios are modelled using a Group-wide approach, acknowledging local specifications where they are justified by influencing factors such as the market or legal environment or certain business characteristics; the calculation is performed at RBI AG. The modelling of cash inflows and outflows differentiates between product and customer segments, while if applicable, a distinction between different currencies is made as well. For products without a contractual maturity, the distribution of cash inflows and outflows is calculated using a geometric Brownian motion which derives the statistical forecasts for future daily balances from the observed, exponentially weighted historical volatility of the corresponding products.

The liquidity risk framework is continuously developed at both Group level and at the level of the individual Group units. The technical infrastructure is enhanced in numerous Group-wide projects and data availability is improved in order to meet the new reporting and management requirements for this area of risk.

Risk appetite and liquidity limits

The liquidity position is monitored on Group level and on individual unit level and is restricted by means of a comprehensive limit system. Limits are defined both under a business as usual as well as under a stress perspective. In accordance with the defined risk appetite, each Group unit must demonstrate a survival horizon of several months (TTW) in a severe, combined stress scenario (reputational and market stress). This can be ensured either by a structurally positive liquidity profile or by a sufficiently high liquidity buffer. In a normal going concern environment, maturity transformation must be fully covered by the available liquidity buffer in the medium term. This means that the cumulative liquidity position over a period of up to one year must be positive. In the long term (one year or more), maturity transformation is permitted up to a certain level. The internal model limits are supplemented by limits for compliance with regulatory liquidity ratios, such as the liquidity coverage ratio (LCR). All limits must be complied with on a daily basis.

Liquidity monitoring

The bank uses a range of customized measurement tools and early warning indicators that provide board members and senior management with timely and forward-looking information. The limit framework ensures that the bank can continue to operate in a period of severe stress.

Monitoring of limits and reporting limit compliance is performed regularly and effectively. Any breach by Group units is reported to the Group ALCO and escalated. In such cases, appropriate steps are undertaken in consultation with the relevant unit or contentious matters are escalated to the next highest responsible body.

Liquidity stress testing

Stress tests are conducted for RBI AG and the network banks on a daily basis and on Group level. The tests cover three scenarios (market, reputational and combined crisis), consider the effects of the scenarios for a period of several months and demonstrate that stress events can simultaneously result in a time-critical liquidity requirement in several currencies. The stress scenarios include the principal funding and market liquidity risks. This means that in the stress tests of the Group, all network units are simultaneously subject to a pronounced combined crisis for all their major products. The results of the stress tests are reported to the Chief Risk Officer and the Chief Financial Officer as well as other members of management on a weekly basis; they also form a key component of the monthly ALCO meetings and are included in the bank's strategic planning and contingency planning.

A conservative approach is adopted when establishing outflow ratios based on historical data and expert opinions. The simulation assumes a lack of access to the money or capital market and simultaneously significant outflows of customer deposits. In this respect, the deposit concentration risk is considered by assigning higher outflow ratios to large customers. Furthermore, stress assumptions are formulated for the drawdown of guarantees and credit obligations. In addition, the liquidity buffer positions are adapted by haircuts in order to cover the risk of disadvantageous market movements, and the potential outflows resulting from collateralized derivative transactions are estimated. The bank continuously monitors whether the stress assumptions are still appropriate or whether new risks need to be considered.

The time to wall concept has established itself as the main control instrument for day-to-day liquidity management and is therefore a central component of funding planning and budgeting. It is also fundamental to determining performance ratios relating to liquidity.

Liquidity buffer

As shown by the daily liquidity risk reports, the main Group units actively maintain and manage liquidity buffers, including high quality liquid assets (HQLA) which are always sufficient to cover the net outflows expected in crisis scenarios. The Group has sizeable, unencumbered and liquid securities portfolios and favors securities eligible for Central Bank tender transactions in order to ensure sufficient liquidity in various currencies. The main Group units ensure the availability of liquidity buffers, test their ability to utilize central bank funds, constantly evaluate their collateral positions as regards their market value and encumbrance and examine the remaining counterbalancing capacity, including the funding potential and the salability of the assets.

Generally, a haircut is applied to all liquidity buffer positions. In the stressed liquidity report (time-to-wall), these haircuts include a market-risk specific haircut and a central bank haircut. While the market risk haircut represents the potential price volatility of the securities held as assets as part of the liquidity buffer, the central bank haircut represents an additional haircut for each individual relevant security that may be offered as collateral.

Intraday liquidity management

In compliance with regulatory requirements for intraday liquidity management, the available liquidity is calculated daily analogous to the outflow assumptions of the regular liquidity stress reports (time-to-wall) for RBI AG. In case of limit breaches, an intraday contingency and escalation process is triggered commensurate with the severity of the breach. For the whole of RBI, the local intraday liquidity management process is within the responsibility of the local Treasury Unit which ensures that the following minimum standards are implemented locally: clear responsibilities and workflows for managing intraday liquidity; daily monitoring of available intraday liquidity; intraday liquidity forecasting model and limit; escalation and contingency processes and measures in case of limit breaches.

Contingency funding plan

Under difficult liquidity conditions, the units switch to a contingency process in which they follow predefined liquidity contingency plans. These contingency plans also constitute an element of the liquidity management framework and are mandatory for all significant Group units. The emergency management process is designed so that the Group can retain a strong liquidity position even in serious crisis situations.

Liquidity position

Group funding is founded on a strong customer deposit base supplemented by wholesale funding – mainly via RBI AG and the Group units. Funding instruments are appropriately diversified and are used regularly. The ability to procure funds is precisely monitored and evaluated by the Treasury ALM units and the ALCOs.

In the past year and to date, the Group's excess liquidity was above all regulatory and internal limits (with a handful of exceptions in the area of internal sub-limits). The result of the internal time to wall stress test demonstrates that the Group would survive throughout the modelled stress phase of several months even without applying contingency measures.

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 the customer deposit 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 € thousand	2020		2019	
Maturity	1 month	1 year	1 month	1 year
Liquidity gap	32,946,565	35,527,941	23,373,543	27,930,593
Liquidity ratio	167%	137%	146%	128%

Liquidity coverage ratio (LCR)

The liquidity coverage ratio (LCR) requires the short-term resilience of banks by ensuring that they have an adequate stock of unencumbered high-quality liquid assets (HQLAs) 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 limit for LCR is 100 per cent.

in € thousand	2020	2019
Average liquid assets	**36,391,573**	**29,167,895**
Net outflows	**22,158,680**	**20,777,131**
Inflows	13,756,092	12,078,541
Outflows	35,914,772	32,855,672
Liquidity Coverage Ratio in per cent	**164%**	**140%**

The increase in short-term secured capital market transactions at RBI AG led to a rise in inflows, which was accompanied by an increase in short-term secured and unsecured deposits. The growth of retail deposits in the Group also contributed to higher outflows.

Net Stable Funding Ratio (NSFR)

The NSFR is defined as the ratio of available stable funding to required stable funding. The new regulatory requirements come into force as of 28 June 2021 and the regulatory limit of 100 per cent must be complied with. Available stable funding is defined as the portion of equity and debt which is expected to be a reliable source of funds over the time horizon of one year covered by the NSFR. A bank's required stable funding depends on the liquidity characteristics and residual maturities of the various assets and off-balance sheet positions. The RBI Group targets a balanced funding position.

in € thousand	2020	2019
Required stable funding	111,622,664	109,881,603
Available stable funding	136,810,756	122,986,265
Net Stable Funding Ratio in per cent	**123%**	**112%**

During the COVID-19 crisis, a stable liquidity situation was observed within RBI. Generally speaking, the crisis confirmed RBI's strong liquidity position and its ability to respond quickly in the event of a lack of market-sensitive refinancing sources. Generally, the ILAAP framework and governance proved sound and well functioning.

Funding liquidity risk

Funding liquidity risk is mainly driven by changes in the risk strategy of lenders or by a deterioration in the creditworthiness of a bank that needs external funding. Funding rates and supply rise and fall with credit spreads, which change due to the market or bank specific situation.

As a consequence, long-term funding depends on restoring confidence in banks and increased efforts in collecting customer deposits. RBI AG's banking activities are financed by combining wholesale funding and the retail franchise of deposit-taking subsidiary banks. It is the central liquidity balancing agent for the local Group units in Central and Eastern Europe.

In the Group's funding plans, special attention is paid to a diversified structure of funding to mitigate funding liquidity risk. In the Group, funds are not only raised by RBI AG as the Group's parent institution, but also individually by different banking subsidiaries. Those efforts are coordinated and optimized through a joint funding plan. Moreover, RBI AG arranges medium-term and long-term funding for its subsidiaries through syndicated loans, bilateral funding agreements with banks, and financing facilities provided by supranational institutions. These funding sources are based on long-term business relationships.

For managing and limiting liquidity risks, the targets for the loan/deposit ratio (the ratio of customer loans to customer deposits) in the individual subsidiary banks take into account the planned future business volumes as well as the feasibility of increasing customer deposits in different countries. On the one hand, this initiative reduces external funding requirements. On the other hand, it also reduces the need for internal funding operations and the risk associated with such liquidity transfers.

The following table shows a breakdown of cash flows according to the contractual maturity of financial assets:

2020 in € thousand	Carrying amount	Contractual cash flows	Up to 3 months	More than 3 months, up to 1 year	More than 1 year, up to 5 years	More than 5 years
Non-derivative financial assets	**158,216,627**	**169,871,413**	**63,668,503**	**17,902,938**	**49,883,940**	**38,416,105**
Cash, cash balances at central banks and other demand deposits	33,660,024	33,747,352	33,747,352	0	0	0
Loans and advances	102,623,077	112,527,481	25,575,242	15,716,589	39,631,479	31,604,243
Central banks	6,761,867	6,762,684	6,748,075	103	14,506	0
General governments	2,114,017	2,147,926	900,055	106,246	545,372	596,251
Banks	5,190,476	5,176,243	3,036,890	700,123	1,093,646	345,656
Other financial corporations	9,238,733	9,616,495	3,204,446	1,037,021	3,573,364	1,801,664
Non-financial corporations	44,950,643	47,499,162	9,690,583	10,119,256	22,822,054	4,867,270
Households	34,367,341	41,324,971	1,995,193	3,753,840	11,582,537	23,993,401
Debt securities	21,933,525	23,596,580	4,345,909	2,186,350	10,252,461	6,811,862
Central banks	1,213,414	1,219,200	1,219,200	0	0	0
General governments	15,900,127	16,199,885	2,441,577	1,430,776	6,510,931	5,816,601
Banks	2,987,302	4,111,401	230,090	269,507	3,028,608	583,196
Other financial corporations	1,118,902	1,191,128	214,424	411,150	463,481	102,074
Non-financial corporations	713,781	874,966	240,617	74,917	249,441	309,992
Derivative financial assets	**2,665,206**	**3,108,566**	**539,062**	**629,937**	**721,877**	**1,217,690**
Derivatives - Trading book	2,101,786	2,718,079	476,183	597,708	611,013	1,033,176
Derivatives – Hedge accounting	563,420	390,487	62,880	32,229	110,864	184,514

2019 in € thousand	Carrying amount	Contractual cash flows	Up to 3 months	More than 3 months, up to 1 year	More than 1 year, up to 5 years	More than 5 years
Non-derivative financial assets	**144,039,069**	**155,928,091**	**54,219,014**	**19,350,089**	**46,645,147**	**35,713,841**
Cash, cash balances at central banks and other demand deposits	24,289,265	24,585,290	24,585,290	0	0	0
Loans and advances	100,639,268	111,600,990	25,266,901	16,150,486	38,175,103	32,008,500
Central banks	4,602,186	4,603,177	4,603,014	17	145	0
General governments	1,194,855	1,267,524	101,796	125,589	517,821	522,318
Banks	4,832,860	4,838,296	2,805,272	619,475	1,068,101	345,447
Other financial corporations	9,843,327	10,272,923	4,050,693	1,191,843	3,255,722	1,774,665
Non-financial corporations	45,373,892	48,899,010	11,368,920	10,656,850	21,603,485	5,269,754
Households	34,792,148	41,720,061	2,337,205	3,556,711	11,729,828	24,096,317
Debt securities	19,110,537	19,741,811	4,366,823	3,199,603	8,470,044	3,705,341
Central banks	1,504,409	1,514,650	1,475,248	39,401	0	0
General governments	12,734,722	13,075,947	1,843,194	2,576,729	5,705,448	2,950,576
Banks	3,061,099	3,120,245	502,417	403,445	1,849,881	364,501
Other financial corporations	1,063,193	1,162,936	403,707	123,831	426,620	208,779
Non-financial corporations	747,114	868,033	142,257	56,196	488,096	181,485
Derivative financial assets	**2,291,619**	**2,352,495**	**328,436**	**331,505**	**892,192**	**800,362**
Derivatives - Trading book	1,894,464	2,070,143	356,868	322,070	676,909	714,296
Derivatives – Hedge accounting	397,155	282,352	(28,432)	9,435	215,283	86,065

The following table shows a breakdown of cash flows according to the contractual maturity of financial liabilities:

2020 in € thousand	Carrying amount	Contractual cash flows	Up to 3 months	More than 3 months, up to 1 year	More than 1 year, up to 5 years	More than 5 years
Non-derivative financial liabilities	**147,165,785**	**149,064,385**	**99,499,030**	**14,730,796**	**25,313,848**	**9,520,712**
Deposits	131,233,278	131,636,746	97,916,588	12,787,698	16,764,097	4,168,363
Central banks	7,114,722	7,060,432	883,663	94,054	5,986,312	96,402
General governments	2,511,031	2,579,010	1,129,484	856,411	392,810	200,305
Banks	22,006,221	22,303,263	10,711,714	5,531,312	4,493,672	1,566,566
Other financial corporations	9,891,959	9,999,089	7,391,017	470,359	902,075	1,235,638
Non-financial corporations	39,662,583	39,641,221	37,015,398	2,127,249	335,699	162,875
Households	50,046,763	50,053,730	40,785,311	3,708,314	4,653,528	906,576
Short positions	501,342	510,577	453,570	1,143	4,571	51,293
Debt securities issued	14,996,864	16,500,585	728,089	1,926,261	8,545,179	5,301,057
Other financial liabilities	434,301	416,477	400,784	15,694	0	0
Derivative financial liabilities	**2,477,642**	**3,098,630**	**481,277**	**753,739**	**1,020,888**	**842,726**
Derivatives - Trading book	2,056,713	3,060,879	478,833	740,140	1,002,210	839,697
Derivatives – Hedge accounting	420,930	37,750	2,444	13,599	18,678	3,030
Issued financial guarantee contracts	**7,228,439**	**7,231,120**	**3,776,441**	**1,232,274**	**1,288,059**	**934,346**
Issued loan commitments	**34,802,877**	**34,793,262**	**10,594,710**	**6,443,338**	**9,314,684**	**8,440,530**

2019 in € thousand	Carrying amount	Contractual cash flows	Up to 3 months	More than 3 months, up to 1 year	More than 1 year, up to 5 years	More than 5 years
Non-derivative financial liabilities	**134,462,358**	**133,804,287**	**92,060,185**	**12,366,097**	**20,339,969**	**9,398,949**
Deposits	119,820,989	117,833,847	90,828,806	10,548,697	12,209,122	4,247,222
Central banks	2,462,354	2,436,331	679,200	82,474	1,591,098	83,559
General governments	3,231,055	3,285,919	1,553,215	966,956	472,389	293,360
Banks	21,144,823	21,332,675	14,433,977	1,294,768	3,988,944	1,614,987
Other financial corporations	11,132,756	11,324,997	7,580,346	1,645,063	856,747	1,242,841
Non-financial corporations	34,888,808	34,857,533	31,860,622	2,257,935	452,266	286,710
Households	46,961,194	44,596,392	34,721,446	4,301,502	4,847,679	725,765
Short positions[1]	360,661	360,787	360,787	0	0	0
Debt securities issued[1]	13,788,894	15,104,469	409,099	1,444,853	8,119,915	5,130,601
Other financial liabilities[1]	491,814	505,310	461,493	11,760	10,932	21,126
Derivative financial liabilities	**2,180,044**	**2,634,731**	**563,866**	**568,520**	**1,011,794**	**490,551**
Derivatives - Trading book	1,933,594	2,642,167	606,421	567,715	981,039	486,992
Derivatives – Hedge accounting	246,450	(7,436)	(42,556)	805	30,755	3,559
Issued financial guarantee contracts	**7,908,756**	**8,089,695**	**3,897,140**	**1,452,775**	**1,656,907**	**1,082,872**
Issued loan commitments	**13,515,769**	**15,027,610**	**4,910,502**	**2,081,585**	**6,898,841**	**1,136,682**

1 Adaptation of previous year figures due to an incorrect allocation in the previous year

(54) Operational risk

Operational risk is defined as the risk of losses resulting from inadequate or failed internal processes, people and systems or from external events, including legal risk. In this risk category internal risk drivers such as unauthorized activities, fraud or theft, conduct-related losses, modelling errors, execution and process errors, or business disruption and system failures are managed. External factors such as damage to physical assets or fraud are managed and controlled as well.

This risk category is analyzed and managed based on own historical loss data and the results of risk assessments. As with other risk types the principle of firewalling of risk management and risk controlling is also applied to operational risk in the Group. To this end, individuals are designated and trained as Operational Risk Managers for each business area. Operational Risk Managers provide central Operational Risk Controlling with reports on risk assessments, loss events, indicators and measures. They are supported in their work by Dedicated Operational Risk Specialists (DORS).

Operational risk controlling units are responsible for reporting, implementing the framework, developing control measures and monitoring compliance with requirements. Within the framework of the annual risk management cycle, they also coordinate the participation of the relevant second line of defense departments (Financial Crime Management, Compliance, Vendor

Management, Outsourcing Management, Insurance Management, Information Security, Physical Security, BCM, Internal Control System, IT Risk Management) and all first line of defense partners (Operational Risk Managers).

The COVID-19 pandemic and the resulting consequences for business continuity represent an operational loss event. As part of loss data reporting, all relevant direct and indirect effects were therefore collated on a group-wide basis. The direct effects included, for example, hygiene products such as masks, tests, disinfectants, additional cleaning costs, costs for safe travel to and from the workplace, additional security personnel, equipment for work areas (Plexiglas panels) and additional technical infrastructure such as notebooks. In the financial year under review, the direct costs amounted to € 19,450 thousand.

The costs vary from country to country due to the different regulations relating to COVID-19, the level of digitalization, the number of mobile work devices already available and the number of employees and branches. Romania, Russia and Ukraine accounted for the largest share of costs, with losses of between € 2,000 thousand and € 5,000 thousand, as well as Hungary, the Czech Republic, Slovakia and Albania with more than € 1,000 thousand.

The direct losses were included both in the AMA model within the context of the regulatory capital requirement and also in the economic capital in an amount of € 7,700 thousand.

Risk identification

Identifying and evaluating risks that might endanger the Group's existence (but the occurrence of which is highly improbable) and areas where losses are more likely to arise more frequently (but have only limited impact) are important aspects of operational risk management.

Operational risk assessment is executed in a structured and Group-wide uniform manner according to risk categories such as business processes and event types. Moreover, risk assessment applies to new products as well. All Group units grade the impact of high probability/low impact events and low probability/high impact incidents according to their estimation of the loss potential for the next year and in the next ten years. Low probability/high impact events are quantified by a Group-wide analytical tool (scenarios). The internal risk profile, losses arising and external changes determine which cases are dealt with in detail.

Monitoring

In order to monitor operational risks, early warning indicators are used that allow prompt identification and minimization of losses. Loss data is collected in a central database called ORCA (Operational Risk Controlling Application) in a structured manner and on a Group-wide basis according to the event type and the business line. In addition to the requirements for internal and external reporting, information on loss events is exchanged with international data pools to further develop operational risk management tools as well as to track measures and control effectiveness. The Group is a participant in the ORX data pool (Operational Risk Data Exchange Association), whose data are currently used for internal benchmark purposes and analyses and as part of the operational risk model. The ORX data consortium is an association of banks and insurance groups for statistical purposes. The results of the analyses as well as events resulting from operational risks are reported in a comprehensive manner to the relevant Operational Risk Management Committee on a regular basis.

Quantification and mitigation

The equity requirement for a significant part of the Group is calculated using the Advanced Measurement Approach (AMA). This includes units in Bulgaria, Romania, Russia, Slovakia and principal banks in Austria (Raiffeisen Bank International AG, Vienna, Kathrein Privatbank Aktiengesellschaft, Vienna, Raiffeisen Centrobank AG, Vienna, Raiffeisen Bausparkasse Gesellschaft m.b.H., Vienna, Raiffeisen Kapitalanlage-Gesellschaft m.b.H., Vienna). The Standardized Approach (STA) is still used to calculate the operational risk of the remaining units in the CRR scope of consolidation.

To reduce operational risk, business managers decide on preventive risk reduction actions such as risk mitigation or risk transfer. The progress and effectiveness of these actions is monitored by risk control. The former also define contingency plans and nominate responsible persons or departments for initiating the defined actions if losses in fact occur. In addition, several dedicated organizational units provide support to business units for reducing operational risks. An important role in connection with operational risk activities is taken on by Financial Crime Management. Financial Crime Management provides support for the prevention and identification of fraud. The Group also conducts an extensive staff training program and has different contingency plans and back-up systems in place.

Other disclosures

(55) Pending legal issues

The RBI Group is involved in various legal, governmental or arbitration proceedings before various courts and governmental agencies mainly arising in the ordinary course of business and involving contractual, labor and other matters.

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

Consumer protection

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

Croatia

In Croatia, following litigation initiated by a Croatian consumer association against Raiffeisenbank Austria, d.d., Croatia (RBHR) and other Croatian banks, two contractual clauses used in consumer loan agreements between 2003/2004 and 2008 were declared null and void: an interest change clause and a CHF index clause. The decision on the interest adjustment clause cannot be challenged any more. The decision on the nullity of the CHF index clause was confirmed by the Croatian Supreme Court but was challenged by RBHR at the Croatian Constitutional Court. A final decision by this court may have an impact on the relevant CHF index clause. However, based on the decisions already rendered on the nullity of the interest change clause and/or the CHF index clause, borrowers – subject to the statute of limitations – are now already filing claims against RBHR. Given current legal uncertainties relating to the statute of limitations, the validity of the CHF index clause, the further course of action, the final outcome of the constitutional court challenge and the number of borrowers raising such claims, final quantification of the financial impact and the possible damage is not possible at this point of time as the final legal assessment of the loan agreement clauses has to be made in each individual case. In this connection, the provision recognized on a portfolio basis was increased to € 34,422 thousand (2019: € 21,221 thousand).

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 December 2020, the total amount in dispute was approximately PLN 726 million (€ 159 million). 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 seven 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 € 89,188 thousand (2019: € 49,336 thousand). 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.

The sensitivity analysis shows that a 10 per cent increase in the number of lawsuits would lead to an 8.5 per cent increase in the provisions. The size of the provisions is also affected by relative weighting of the scenarios. Judgments detrimental to the bank – notably the Supreme Court decision expected at the end of March – may result in a significant increase in the provisions.

Romania

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

In July 2014, ANPC issued a decision applicable to Raiffeisen Bank S.A., Bucharest, asking the bank to stop the practice of including the credit management commission in the interest margin when restructuring consumer loans. Although, provisions describing that method were included in the respective agreements, ANPC is of the opinion that those provisions were not clear enough. Initially, it was not clear how the ANPC decision should be implemented; however, after a dispute in court that was lost by Raiffeisen Bank S.A. in June 2020, it is has now been decided that the implementation would mean returning a portion of the interest rate to all consumers to whom such practice had been applied, at least for the period starting from July 2014 until either the point of time such borrowers entered into a new agreement on the interest rate or the point of time the Romanian network bank actually implements the court decision. This also applies to originally affected loans that have been repaid in the meantime. After having obtained an external expert opinion on the specific implementation of the court decision, the Romanian network bank reduced its estimate of the negative financial impact from an originally expected amount of € 17 million to € 3.5 million. However, an exact quantification is still not possible since ANPC may dispute the said approach of implementing the court decision. In October 2020, ANPC asked Raiffeisen Bank S.A. to confirm how the court's decision is being implemented. An answer has been provided by Raiffeisen Bank S.A. on the basis of the external opinion obtained, to which no comment or confirmation has been received from ANPC. Given current uncertainties, at this stage, an exact quantification of the negative financial impact is not possible.

Banking business

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

Following the insolvency of Alpine Holding GmbH (Alpine) in 2013, a number of lawsuits were filed by retail investors in Austria against RBI and another credit institution in connection with a bond which had been issued by Alpine in 2012 in an aggregate principal amount of € 100 million. The claims against RBI, filed either directly, by investors or in a class action, amount to approximately € 10 million of value in dispute. Among other things, it is claimed that the banks acted as joint lead managers of the bond issue and were or at least should have been aware of the financial problems of Alpine at the time of the issue. Thus, they should have known that Alpine was not in a position to redeem the bonds as set forth in the terms and conditions of the bonds. It is alleged that the capital market prospectus in relation to the bond issue was misleading and incomplete and that the joint lead managers including RBI, which were also involved in the preparation of the prospectus, were aware of that fact.

Legal action has been filed against Raiffeisen Zentralbank Österreich Aktiengesellschaft (prior to the merger with RBI in 2010) and Raiffeisen Investment AG (RIAG) in New York. The claimant alleges that RBI, in its capacity as universal successor to Raiffeisen Zentralbank Österreich Aktiengesellschaft, unlawfully paid USD 150 thousand (€ 122 thousand) on a bid bond and that RIAG was involved in a fraud committed by the Serbian privatization agency resulting in damage in the range of USD 31 million to USD 52 million (€ 25 million to € 42 million). At a later point in time, the alleged damage was reduced to USD 31 million (€ 25 million). According to RBI's assessment, the claim is unfounded and very unlikely to succeed. In February 2014, the action was dismissed, and the plaintiff filed a motion for reconsideration with the court which has been pending for several years. The case was assigned to a new judge in 2018 and is now again pending in New York. RBI's assessment of the claim remains unchanged.

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

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

In December 2017, a French company filed a lawsuit at the commercial court in Warsaw against Raiffeisen Bank Polska S.A. (RBPL), the former Polish subsidiary of RBI, and RBI. The French company claimed damages from both banks in the aggregate amount of € 15 million alleging that RBPL failed to comply with duties of care when opening an account for a certain customer and executing money transfers through this account, and that RBI acted as a correspondent bank in this context and failed to comply with duties of care when doing so. As regards the lawsuit against RBI, the commercial court in Warsaw declined jurisdiction in May 2019. The decision was appealed. In the course of the sale of the core banking operations of RBPL by way of demerger to Bank BGZ BNP Paribas S.A. in 2018, the lawsuit against RBPL was allocated to Bank BGZ BNP Paribas S.A. However, RBI remains commercially responsible for any negative financial consequences in connection with the said proceeding.

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

Furthermore, a Cypriot company (the Cypriot claimant) filed a separate action for damages in the amount of approximately € 43 million. In January 2016, the Cypriot claimant filed a petition for increasing the claimed amount by € 84 million and the court approved this petition. It means that the total claimed amount in this lawsuit is approximately € 127 million. This lawsuit is connected with the proceeding of the Slovak claimant above because the Cypriot claimant having filed the action had acquired the claim from a shareholder of the holding company of the Slovak claimant. The matter of the claim is the same as in the proceeding above. According to the Cypriot claimant, this had caused damage to the Slovak claimant and, thus, also to the shareholder of the holding company in the form of a loss of value of its shares. Subsequently, the said shareholder assigned their claim to the Cypriot claimant. The Cypriot claimant claims that Tatra banka acted contrary to the good morals as well as contrary to fair business conduct and requires Tatra banka to pay part of its claims corresponding to the loss in value of the holding company's shares. In November 2019, the claim was rejected in its entirety. The Cypriot plaintiff appealed the judgment in January 2020.

Following an assignment of Tatra banka's receivable (approximately € 4 million) against a corporate customer to an assignee, two lawsuits in the total amount of approximately € 19 million were filed by the original shareholders of the corporate customer against Tatra banka. Their shares in the corporate customer had been pledged as security for a financing provided by Tatra banka to the corporate customer. The claims are claims for damages which were incurred by the original shareholders as a consequence of an alleged late notification of the assignment to the original shareholders, the fact that the assignee had realized the pledge over the shares and, thus, the original shareholders ceased to be the shareholders of the corporate customer as well as the fact that the assignee had realized a mortgage over real estate of the corporate customer (which had also been created as a security for the financing provided by Tatra banka to the corporate customer). The original shareholders claimed that the value of the corporate customer was € 19 million and that this amount would represent the damage incurred by them due to the assignment of Tatra banka's claim against the corporate customer. Subsequently, the original shareholders assigned their claims under the lawsuits mentioned above to a Panamanian company which is now the plaintiff. The plaintiff claims that Tatra banka acted in contradiction of good faith principles and that it breached an obligation arising from the Slovak Civil Code. In June 2019, the court entirely rejected the claim. The plaintiff filed an appeal against the judgment of the first-instance court in August 2019.

In 2011, a client of Raiffeisenbank Austria, d.d., Croatia (RBHR) launched a claim for damages in the amount of approximately HRK 143 million (€ 19 million), alleging damages caused by an unjustified termination of the loan. In February 2014, the commercial court in Zagreb issued a judgment under which the claim was dismissed. The plaintiff launched an appeal, which remains pending. In the meantime, the plaintiff went through bankruptcy proceedings and the bankruptcy trustee has filed a request with the commercial court for the claim to be withdrawn. A ruling on the termination of the lawsuit against RBHR has not yet been issued by the commercial court in Zagreb.

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

From 2014 onwards, a group of former clients of RBHR launched several claims for damages in the amount of approximately HRK 121 million (€ 16 million) based on the allegation that RBHR acted fraudulently by terminating and collecting loans. In some of the court proceedings, the final court decisions dismissed the claims in the amount of approximately HRK 20 million (€ 3 million).

In 2015, a former client of the Raiffeisenbank a.s. (RBCZ), launched a lawsuit against RBCZ claiming damages in the amount of approximately CZK 371 million (€ 14 million) based on the allegation that RBCZ caused damage to the claimant by refusing to provide further financing. Owing to the non-payment of court fees by the claimant, a court ruling on dismissal of the lawsuit was issued but has been appealed by the claimant. In the meantime, the court has united two proceedings launched by the claimant against RBCZ and therefore the amount claimed has increased to approximately CZK 494 million (€ 19 million). After the first-instance court decision was revised by the High Court and the claimant finally paid the court fee, the first-instance court was able to issue a verdict on the core matter of the dispute in which the court dismissed the claimant's claims in September 2019. The claimant has appealed that decision. In June 2020, the claim was dismissed by the appellate court. The claimant again has appealed that decision.

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

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

In July 2019, a former corporate customer (claimant) of RBI filed a request for arbitration with the International Court of Arbitration of the International Chamber of Commerce, claiming from RBI payment of USD 25 million (€ 20 million) plus damages, interest and further costs. The dispute relates to a guarantee of a third party, which served as a security for a loan granted by RBI to the claimant in 1998. The claimant fell into arrears, whereupon RBI called in the guarantee. In 2015 a settlement was reached between RBI and the guarantor as to the claims of RBI under the guarantee. RBI applied all monies received from the guarantor towards payment by the claimant under the loan. In its request for arbitration, the claimant alleges (inter alia) that the settlement was detrimental to it, and that RBI would be obliged to transfer the monies received from the guarantor to the claimant. RBI takes the view that the claims raised by the claimant are baseless. In June 2020, the arbitral tribunal ruled that it had no jurisdiction over the claims and disputes raised by the claimant. This arbitral award is final and can no longer be challenged before English courts.

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

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

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

In November 2020, the Austrian Chamber for Workers and Employees (Bundeskammer für Arbeiter und Angestellte) (BAK) filed an application for injunctive relief against Raiffeisen Bausparkasse Gesellschaft m.b.H. (RBSK), a 100 per cent subsidiary of RBI, with the commercial court in Vienna. RBSK had terminated long-term building savings contracts (Bausparverträge) in an aggregate amount of approximately € 93 million. The minimum rate of interest on said overnight building savings deposits was between 1 per cent p.a. and 4.5 per cent p.a. BAK claims that RBSK did not have the right to terminate such contracts whereas RBSK is of the opinion that said contracts constitute a continuing obligation, which can – under Austrian law – be terminated by giving proper notice.

Regulatory enforcement

RBI and its subsidiaries are subject to numerous national and international regulatory authorities.

Following an audit review by the Romanian Court of Auditors regarding the activity of Aedificium Banca pentru Locuinte S.A. (former Raiffeisen Banca pentru Locuinte S.A.) (RBL), a building society and subsidiary of Raiffeisen Bank S.A., Bucharest, the Romanian Court of Auditors claimed that several deficiencies were identified and that conditions for state premiums on savings had not been met. Thus, allegedly, such premiums may have to be repaid. Should RBL not succeed in reclaiming said amounts from its customers or providing satisfactory documentation, RBL may be held liable for the payment of such funds. RBL initiated court proceedings to contest the findings of the Romanian Court of Auditors and won on the merits with regard to the most significant alleged deficiencies. The case was appealed at the High Court of Cassation and Justice. In November 2020, the High Court of Cassation and Justice overturned the previous court decision and confirmed the view of the Romanian Court of Auditors. Upon the application of RBL, the High Court of Cassation and Justice requested the Constitutional Court to decide whether the Court of Auditors was, in principle, entitled to perform an audit review of RBL. The proceeding are is still pending and could – depending on its outcome – enable RBL to file an extraordinary appeal against the decision of the High Court of Cassation and Justice. Given current uncertainties, an exact quantification of the negative financial impact is not possible, however, repayment of premiums and potential penalty payments are not expected to exceed € 48 million. In this connection, a provision of € 18,815 thousand was recognized.

In March 2018, an administrative fine of € 3 million (which was calculated by reference to the annual consolidated turnover of RBI and constitutes 0.06 per cent of the last available annual consolidated revenue) was imposed on RBI in the course of administrative proceedings based on alleged non-compliance with formal documentation requirements relating to the know-your-customer principle. According to the interpretation of the Austrian Financial Market Authority (FMA), RBI had failed to comply with these administrative obligations in a few individual cases. FMA did not allege that any money laundering or other crime had occurred, or that there was any suspicion of, or any relation to, any criminal act. RBI took the view that it had duly complied with all due diligence obligations regarding know-your-customer requirements and appealed against the fining order in its entirety. The administrative court of first instance confirmed FMA's decision and – again - RBI appealed against this decision in its entirety. In December 2019, the Austrian Supreme Administrative Court (Verwaltungsgerichtshof) revoked the decision of the lower administrative instances and referred the case back to the administrative court of first instance.

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

In January 2021, a class action, aggregating claims of holders of certificates in four of the above-mentioned investment funds currently in liquidation, was filed against RBI. The total disputed value in this case amounts to approximately PLN 51 million (€ 11 million). The plaintiffs demand the confirmation of RBI's responsibility for the alleged improper performance of RBPL/RBI as custodian bank. Such confirmation would secure and facilitate their financial claims in further lawsuits.

Additionally, RBI has received a number of claim notices from BNP in connection with certain bank operations in respect of which BNP is the legal successor to RBPL. Said claim notices primarily relate to administrative proceedings conducted by the PFSA in connection with alleged failures of RBPL/BNP in acting as depositary of investment funds and could lead to cash penalties. Furthermore, claims in this context are or could be raised by investors. BNP and RBI agreed to seek to jointly defend these issues.

In December 2020, Raiffeisen Bank Sh.A. (RBAL), RBI's Network Bank in Albania, filed a lawsuit in the Administrative Court of Tirana in order to declare invalid a decision of the Albanian Competition Commission. The decision had been issued in November 2020, following an investigation in the banking sector by the Albanian competition authority with respect to four Albanian banks (among them RBAL). Although it was stated that none of the entities subject to the investigation has a dominant position in the market and that the banks apply different pricing terms to their services, the decision imposes a number of obligations on the banks. Such obligations, among others, include the review of commissions for banking services with a view to decreasing them, the review of interest rates for deposits and loans aiming at narrowing the spread and the review of obstructive costs for customers switching banks. A fine would be imposed in case of failure to comply with the obligations within one year.

Tax litigation

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

In Germany, a tax review and tax proceedings led or may lead to an extraordinary tax burden of approximately € 27 million in connection with property transfer tax, for which a provision has been recognized. Additionally, late payment interest and penalty payments may be imposed.

In Romania, the tax review resulted in an extraordinary tax burden in an aggregate amount of approximately € 33 million plus penalty payments of about € 22 million. Following an administrative appeal by Raiffeisen Bank S.A., Bucharest, the tax burden was reduced to € 30 million. The exact amount of the reduction in penalty payments has not yet been communicated by the authorities.

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

(56) Other agreements

Raiffeisen-Kundengarantiegemeinschaft Austria

RBI AG is a member of Raiffeisen-Kundengarantiegemeinschaft Austria (Raiffeisen Customer Guarantee Scheme Austria (RKÖ)). The members of this association have a contractual obligation to guarantee jointly the punctual fulfillment of the entirety of an insolvent association member's commitments arising from customer deposits and its own issues up to the limit of the sum of the individual capacities of the remaining association members. The individual capacity of an association member is measured on the basis of its freely available reserves subject to the pertinent provisions of the Austrian Banking Act (BWG).

In view of the change in the legal and regulatory framework and implementation of Institutional Protection Schemes, RKÖ and its member institutions have decided to discontinue the scheme for new transactions. Accordingly, the supplementary protection by RKÖ will only be granted to transactions entered until 30 September 2019. Customers' rights under the statutory deposit guarantee scheme are unaffected by this and remain in full force and effect.

Institutional Protection Scheme

Several Institutional Protection Schemes (IPSs) have been set up in the Austrian Raiffeisen Banking Group (RBG) since the end of 2013. To this end, contractual or statutory liability arrangements have been concluded which reciprocally protect the participating institutions and, in particular, ensure their liquidity and solvency if required. These Institutional Protection Schemes are based on uniform and joint risk monitoring as part of an early warning system pursuant to Article 113 (7) of the European Union Capital Requirements Regulation (CRR). In line with RBG's organizational structure, the IPSs were also designed in two stages (currently one federal IPS and six regional IPSs).

As RBG's central institution, RBI AG is a member of the federal IPS, whose members, in addition to the regional Raiffeisen banks, include: Raiffeisen-Holding Niederösterreich-Wien reg GmbH, Vienna, Posojilnica Bank eGen, Klagenfurt, Raiffeisen Wohnbaubank AG, Vienna, and Raiffeisen Bausparkasse Gesellschaft m.b.H., Vienna. The federal IPS is subject to separate supervisory provisions. For this purpose, permission was obtained from the competent supervisory authorities – the European Central Bank and the Austrian Financial Markets Authority (FMA) – in accordance with which, among other things, exposures among federal IPS members may be given a risk weight of zero per cent. This also requires joint supervision. At the level of the federal IPS, the provisions on own funds must be complied with on a consolidated basis. Similar mutual structures apply to members of the regional IPSs established in Austrian states. The IPSs thus constitute additional building blocks supplementing mutual support within RBG in the event of a member institution encountering financial difficulties.

On 21 December 2020, RBI, the regional Raiffeisen banks and Raiffeisen banks filed applications with the Austrian Financial Market Authority and the ECB to create a new institutional protection scheme (Raiffeisen IPS), consisting of RBI, the regional Raiffeisen banks and the Raiffeisen banks, for the purpose of the statutory (Austrian) deposit guarantee scheme within the meaning of the Austrian Deposit Guarantee and Investor Protection Act (Einlagensicherungs- und Anlegerentschädigungsgesetz). In order to be able to form a separate deposit guarantee scheme, it is required that all members of the scheme are also direct members of a single institutional protection scheme, such as, in this case, the Raiffeisen IPS yet to be founded. The Raiffeisen IPS is intended to ultimately replace the existing federal IPS. Approval by the FMA and ECB is pending and may be subject to additional conditions. Should the approval be received, and any conditions agreed, the above-mentioned applicants will subsequently leave the ESA according to the provisions of the Austrian Deposit Guarantee and Investor Protection Act.

(57) Fiduciary business

The following information was prepared pursuant to § 48 (1) of the Austrian Banking Act (BWG).

Fiduciary business not recognized in the statement of financial position was concluded with the following volumes on the reporting date:

in € thousand	2020	2019
Fiduciary assets	**227,598**	**226,494**
Loans to customers	220,435	219,330
Financial investments	7,163	7,163
Fiduciary liabilities	**227,598**	**226,494**
Deposits from banks	86,778	83,573
Deposits from customers	133,656	135,758
Other fiduciary liabilities	7,163	7,163

The following table contains the funds managed by the Group:

in € thousand	2020	2019
Retail investment funds	**28,636,781**	**25,281,762**
Equity-based and balanced funds	16,409,499	14,464,170
Bond-based funds	11,668,006	10,588,473
Other	559,276	229,119
Special funds	**12,374,831**	**12,086,046**
Property-based funds	**318,131**	**299,549**
Pension funds	**5,131,833**	**4,879,466**
Customer portfolio managed on a discretionary basis	**1,167,324**	**630,619**
Other investment vehicles	**110,041**	**55,575**
Total	**47,738,940**	**43,233,017**

(58) RBI as lessor

Finance income from finance lease net investment, which is presented in profit or loss under net interest income, was € 124,964 thousand in the reporting period (2019: € 127,682 thousand). Income from operating leases, which is presented in profit or loss under other net operating income, was €76,201 thousand (2019: €76,128 thousand).

There is no lease income from variable lease payments that do not depend on an index or a rate.

Finance leases

Assets under finance leases break down as follows; the respective carrying amounts are presented in the statement of financial position under financial assets – amortized cost:

in € thousand	2020	2019[1]
Vehicles leasing	1,512,234	1,609,116
Real estate leasing	939,951	964,734
Equipment leasing	691,369	650,653
Total	**3,143,554**	**3,224,503**

1 Adaptation of previous year figures due to changed allocation

Maturity analysis of lease receivables to be received after the reporting date:

in € thousand	2020	2019
Gross investment value	**3,467,212**	**3,557,266**
Minimum lease payments	3,039,032	3,231,541
Up to 3 months	257,990	450,413
More than 3 months, up to 1 year	617,562	609,075
More than 1 year, up to 5 years	1,720,571	1,814,588
More than 5 years	442,909	357,464
Non-guaranteed residual value	428,181	325,726
Unearned finance income	**323,658**	**332,764**
Up to 3 months	27,558	49,330
More than 3 months, up to 1 year	69,439	72,624
More than 1 year, up to 5 years	151,632	153,907
More than 5 years	75,030	56,904
Net investment value	**3,143,554**	**3,224,503**

In the financial year, there was no income relating to variable lease payments not included in the measurement of the net investment in the lease. Profit due to sale of leased assets as part of a finance lease was € 318 thousand (2019: € 635 thousand).

Operating leases

Assets under operating leases (including unleased parts) break down as follows; the respective carrying amounts are presented in the statement of financial position under tangible fixed assets:

in € thousand	2020	2019
Vehicles leasing	74,177	82,701
Real estate leasing	129,564	153,999
Equipment leasing	1,305	746
Total	**205,046**	**237,447**

Maturity analysis of undiscounted lease receivables to be received after the reporting date:

in € thousand	2020	2019
Up to 1 year	34,029	35,692
More than 1 year, up to 5 years	58,894	89,361
More than 5 years	11,567	15,837
Total	**104,490**	**140,890**

(59) RBI as lessee

Leases mainly relate to land and buildings, vehicles and IT equipment.

Right-of-use assets

The following table shows the development of right-of-use assets for property, plant and equipment, which are presented in the statement of financial position under tangible fixed assets, and related accumulated depreciation, which is presented in profit or loss under administrative expenses:

in € thousand	2020	2019
Cost of acquisition or conversion as at 1/1	**539,609**	**455,971**
Change in consolidated group	(38)	(30,468)
Exchange differences	(30,468)	9,109
Additions	110,606	57,050
Disposals	(19,136)	(14,940)
Transfers	(31)	62,888
Cost of acquisition or conversion as at 31/12	**600,541**	**539,609**
Accumulated write-ups/depreciation/impairment	(153,754)	(83,372)
hereof write-ups	0	0
hereof depreciation/impairment	(82,758)	(84,394)
Carrying amount as at 31/12	**446,787**	**456,237**

Lease liabilities

The following table shows the maturity analysis of lease liabilities, showing the undiscounted lease payments to be paid after the reporting date; the respective carrying amounts are presented under financial assets – amortized cost:

in € thousand	2020	2019
Up to 1 year	85,083	86,946
More than 1 year, up to 5 years	242,255	249,122
More than 5 years	167,186	154,283
Total	**494,523**	**490,350**

Amounts recognized in profit or loss

Interest on lease liabilities is presented in profit or loss under net interest income and expenses relating to short-term leases and leases of low-value assets are presented in other administrative expenses.

in € thousand	2020	2019
Interest on lease liabilities	(3,858)	(8,193)
Variable lease payments not included in the measurement of lease liabilities	(135)	29
Income from sub-leasing right-of-use assets	122	94
Expenses relating to short-term leases	(11,646)	(13,080)
Expenses relating to leases of low-value assets	(4,709)	(5,566)
Total	**(20,226)**	**(26,716)**

(60) Geographical markets

The following tables were prepared pursuant to § 64 (1) 18 of the Austrian Banking Act (BWG).

2020 in € thousand	Operating income	hereof net interest income	Profit/loss before tax	Income taxes	Number of employees as at reporting date
Central Europe	**1,223,923**	**787,223**	**248,613**	**(68,444)**	**9,244**
Poland	17,709	15,649	(66,077)	(876)	238
Slovakia	477,683	291,548	143,823	(34,045)	3,580
Slovenia	6,103	261	5,024	(371)	9
Czech Republic	467,443	330,066	112,474	(21,152)	3,138
Hungary	255,148	149,173	53,369	(12,000)	2,279
Southeastern Europe	**1,264,191**	**849,188**	**326,427**	**(53,060)**	**14,344**
Albania	69,078	53,102	14,798	(2,466)	1,285
Bosnia and Herzegovina	108,229	63,304	23,666	(2,487)	1,268
Bulgaria	168,517	114,026	32,845	(3,140)	2,536
Croatia	180,299	114,829	20,946	(7,284)	1,818
Kosovo	57,975	47,031	19,355	(1,934)	842
Romania	534,740	372,024	161,487	(30,009)	5,115
Serbia	145,511	84,818	53,317	(5,742)	1,480
Eastern Europe	**1,625,315**	**1,059,868**	**810,843**	**(171,618)**	**16,982**
Belarus	148,638	82,793	66,324	(18,905)	1,690
Russia	1,134,929	740,765	581,261	(122,473)	8,733
Ukraine	341,749	236,298	163,258	(30,240)	6,559
Austria and other	**1,884,752**	**505,213**	**486,146**	**(40,620)**	**4,844**
Reconciliation	(803,134)	39,853	(638,586)	9,906	–
Total	**5,195,047**	**3,241,344**	**1,233,442**	**(323,836)**	**45,414**

2019 in € thousand	Operating income	hereof net interest income	Profit/loss before tax	Income taxes	Number of employees as at reporting date
Central Europe	**1,287,489**	**830,182**	**401,990**	**(111,703)**	**9,915**
Poland	15,323	14,134	(88,211)	(25,060)	227
Slovakia	492,057	294,056	178,800	(36,331)	4,029
Slovenia	8,029	182	6,191	(474)	9
Czech Republic	545,034	394,622	229,690	(37,724)	3,413
Hungary	227,470	126,810	75,519	(12,114)	2,237
Southeastern Europe	**1,336,414**	**866,873**	**480,580**	**(70,589)**	**14,480**
Albania	77,122	57,321	27,269	(4,311)	1,241
Bosnia and Herzegovina	113,877	67,717	40,601	(9,503)	1,316
Bulgaria	176,440	113,706	72,883	(7,003)	2,633
Croatia	204,764	121,627	58,971	(1,431)	1,860
Kosovo	55,537	43,834	20,734	(2,317)	862
Romania	559,556	374,284	199,804	(38,495)	4,987
Serbia	149,128	88,280	60,305	(7,529)	1,581
Eastern Europe	**1,736,789**	**1,142,457**	**939,889**	**(204,794)**	**18,356**
Belarus	157,105	103,361	82,343	(21,524)	1,746
Russia	1,201,657	788,853	642,643	(144,957)	8,819
Ukraine	378,027	250,250	214,902	(38,313)	7,791
Austria and other	**2,009,098**	**511,272**	**716,259**	**(11,566)**	**4,122**
Reconciliation	(894,441)	61,282	(771,931)	(3,534)	–
Total	**5,475,349**	**3,412,067**	**1,766,786**	**(402,186)**	**46,873**

(61) Foreign assets/liabilities

Assets and liabilities with counterparties outside Austria pursuant to § 64 (1) 2 of the Austrian Banking Act (BWG) were as follows:

in € thousand	2020	2019
Assets	124,706,660	118,789,898
Liabilities	91,791,546	85,995,038

(62) Volume of the securities trading book

The following table was prepared pursuant to § 64 (1) 15 of the Austrian Banking Act (BWG).

in € thousand	2020	2019
Securities	5,890,407	5,425,962
Other financial instruments	172,892,122	165,844,926
Total	**178,782,529**	**171,270,888**

(63) Securities admitted for trading on a stock exchange

The following table was prepared pursuant to § 64 (1) 10 of the Austrian Banking Act (BWG).

	2020		2019	
in € thousand	Listed	Unlisted	Listed	Unlisted
Bonds, notes and other fixed-interest securities	15,377,671	528,751	13,675,565	798,228
Shares and other variable-yield securities	163,229	53,452	346,603	61,086
Investments	3,023	94,793	1,348	227,047
Total	**15,543,924**	**676,996**	**14,023,517**	**1,086,361**

(64) Subordinated assets

The following table was prepared pursuant to § 45 (2) of the Austrian Banking Act (BWG).

in € thousand	2020	2019
Loans and advances	147,461	148,543
Debt securities	110,339	142,453
Total	**257,799**	**290,996**

(65) Related parties

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

Transactions with related parties (companies and individuals) are limited to banking business transactions that are carried out at fair market conditions. Disclosures on related parties (individuals) are reported under (67) Relations to key management.

2020 in € thousand	Companies with significant influence	Affiliated companies	Investments in associates valued at equity	Other interests
Selected financial assets	**23,459**	**469,618**	**1,132,750**	**590,795**
Equity instruments	0	254,249	747,861	157,475
Debt securities	13,950	0	161,609	13,689
Loans and advances	9,509	215,369	223,280	419,631
Selected financial liabilities	**2,338,644**	**121,201**	**4,941,126**	**464,681**
Deposits	2,338,644	119,979	4,941,126	464,681
Debt securities issued	0	1,222	0	0
Other items	**152,786**	**2,524**	**319,194**	**126,654**
Loan commitments, financial guarantees and other commitments given	134,647	2,519	290,684	126,654
Loan commitments, financial guarantees and other commitments received	18,139	5	28,510	0

2019 in € thousand	Companies with significant influence	Affiliated companies	Investments in associates valued at equity	Other interests
Selected financial assets	**8,855**	**558,384**	**1,146,213**	**668,690**
Equity instruments	0	270,134	836,406	228,616
Debt securities	6,041	0	56,077	12,181
Loans and advances	2,814	288,250	253,730	427,894
Selected financial liabilities	**2,134,436**	**94,281**	**4,374,900**	**528,260**
Deposits	2,134,436	94,281	4,374,900	528,260
Debt securities issued	0	0	0	0
Other items	**168,763**	**60,207**	**251,463**	**124,628**
Loan commitments, financial guarantees and other commitments given	162,009	60,207	221,697	124,628
Loan commitments, financial guarantees and other commitments received	6,754	0	29,766	0

2020 in € thousand	Companies with significant influence	Affiliated companies	Investments in associates valued at equity	Other interests
Interest income	8,549	2,667	9,335	5,130
Interest expenses	(17,070)	(846)	(29,152)	(676)
Dividend income	0	10,885	49,403	11,090
Fee and commission income	6,679	5,267	12,132	5,325
Fee and commission expenses	(3,358)	(1,159)	(7,938)	(3,476)

2019 in € thousand	Companies with significant influence	Affiliated companies	Investments in associates valued at equity	Other interests
Interest income	7,140	4,721	7,773	6,819
Interest expenses	(13,824)	(1,186)	(27,907)	92,567
Dividend income	0	11,595	41,127	2,451
Fee and commission income	4,986	6,136	10,175	5,764
Fee and commission expenses	(2,151)	(13,946)	(7,097)	(1,979)

(66) Staff

Average number of staff

Full-time equivalents	2020	2019
Salaried employees	45,730	46,564
Wage earners	615	609
Total	**46,345**	**47,173**

Full-time equivalents	2020	2019
Austria	4,141	3,982
Foreign	42,204	43,191
Total	**46,345**	**47,173**

Number of staff as at the reporting date

Full-time equivalents	2020	2019
Austria	4,227	4,049
Foreign	41,187	42,824
Total	**45,414**	**46,873**

(67) Relations to key management

Group relationship with key management

Key management refers to the members of the Management Board and the Supervisory Board of RBI AG. Transactions between key management and RBI are as follows (resprective fair values):

in € thousand	2020	2019
Sight deposits	4,551	2,299
Debt securities	1,705	796
Shares	3,579	4,625
Time deposits	4,016	4,054
Loans	306	288
Lease liabilities	27	32

The following table shows transactions of related parties of key management to RBI:

in € thousand	2020	2019
Shares	3	4
Other receivables	388	373
Time deposits	7	65
Loans	4	2

There is no compensation agreed between the company and members of the Management Board and Supervisory Board or employees in the case of a takeover bid.

Remuneration of members of the Management Board

The following table shows total remuneration of the members of the Management Board according to IAS 24.17. The expenses according to IAS 24 were recognized on an accrual basis and according to the rules of the underlying standards (IAS 19 and IFRS 2):

in € thousand	2020	2019[1]
Short-term employee benefits	8,397	9,861
Post-employment benefits	432	728
Other long-term benefits	2,023	5,014
Share-based Payment	0	0
Total	**10,853**	**15,603**

1 Adaptation of previous year figures due to changed presentation: without bonus payments from prior periods

Short-term employee benefits shown in the above table contain salaries and benefits in kind and other benefits, remuneration for membership of boards in affiliated companies and those parts of the bonuses which become due in the short-term.

Furthermore, it also includes changes possibly arising from the difference between the bonus provision and the bonus later awarded. Post-employment benefits comprise payments to pension funds and payments according to Retirement Plan Act (Mitarbeitervorsorgegesetz), severance payments, leave compensation as well as net allocations to provisions for retirement benefits and severance payments.

Other long-term benefits contain portions of the provision for bonus payments relating to deferred bonus portions in cash and retained portions payable in instruments. For the latter, valuation changes due to currency fluctuations are considered.

Bonus calculation is linked to the achievement of annually agreed objectives. These comprise four or five categories covering specific targets and financial targets adapted to the respective function. These are, for example, profit after tax in a particular segment, return on risk adjusted capital (RORAC), total costs, risk-weighted assets, customer-oriented and employee-oriented targets, as well as process-based, efficiency-based, and infrastructure targets, and if necessary other additional targets.

The bonus level is determined by the level of the return on equity and the cost/income ratio, whereby the target values to be achieved reflect the so-called strategic targets for the return on equity and the cost/income ratio at RBI level.

An amount of € 1,1276 thousand (2019: € 1,137 thousand) was paid in pension benefits to former members of the Management Board and to their surviving dependants. In addition to these amounts, short-term benefits and deferred bonus components as well as severance payments totaling € 3,409 thousand (2019: € 1,346 thousand) were paid to former members of the Management Board.

Remuneration of members of the Supervisory Board

in € thousand	2020	2019
Remuneration Supervisory Board	1,045	1,069

The Annual General Meeting held on 21 June 2018 approved a new remuneration model for the Supervisory Board, beginning in the 2017 financial year. It was decided to distribute the remuneration as follows: Chairman € 120 thousand, Deputy Chairman € 90 thousand, members of the Supervisory Board € 60 thousand, plus attendance fees.

In the 2020 financial year, no contracts subject to approval within the meaning of § 95 (5) 12 of the Austrian Stock Corporation Act (AktG) were concluded with members of the Supervisory Board.

Remuneration of members of the Advisory Council

in € thousand	2020	2019
Remuneration Advisory Council	179	202

The Annual General Meeting held on 21 June 2018 passed a resolution to grant remuneration to the Advisory Council members for their work. It was decided to distribute the remuneration as follows: Chairman € 25 thousand, Deputy Chairman € 20 thousand, each additional member € 15 thousand, plus attendance fees.

(68) Management Board

Board

The Management Board as at 31 December 2020 was as follows:

Members of the Management Board	Original appointment	End of term
Johann Strobl, Chairman	22 September 2010[1]	28 February 2022
Andreas Gschwenter	1 July 2015	30 June 2023
Lukasz Januszewski	1 March 2018	28 February 2026
Peter Lennkh	1 October 2004	31 December 2025
Hannes Mösenbacher	18 March 2017	28 February 2025
Andrii Stepanenko	1 March 2018	28 February 2026

1 Effective as of 10 October 2010

The number of members of RBI AG's Management Board was reduced from seven to six when Martin Grüll's Management Board mandate expired at the end of February 2020. The Management Board areas of responsibility have been reorganized, thereby utilizing potential to streamline the organization.

Supervisory Board

The Supervisory Board as at 31 December 2020 was as follows:

Members of the Supervisory Board	Original appointment	End of term
Erwin Hameseder, Chairman	8 July 2010[1]	Annual General Meeting 2025
Martin Schaller, 1st Deputy Chairman	4 June 2014	Annual General Meeting 2024
Heinrich Schaller, 2nd Deputy Chairman	20 June 2012	Annual General Meeting 2022
Klaus Buchleitner	26 June 2013	Annual General Meeting 2025
Peter Gauper	22 June 2017	Annual General Meeting 2022
Wilfried Hopfner	22 June 2017	Annual General Meeting 2022
Rudolf Könighofer	22 June 2017	Annual General Meeting 2022
Reinhard Mayr	20 October 2020	Annual General Meeting 2025
Heinz Konrad	20 October 2020	Annual General Meeting 2025
Eva Eberhartinger	22 June 2017	Annual General Meeting 2022
Andrea Gaal	21 June 2018	Annual General Meeting 2023
Birgit Noggler	22 June 2017	Annual General Meeting 2022
Rudolf Kortenhof[2]	10 October 2010	Until further notice
Peter Anzeletti-Reikl[2]	10 October 2010	Until further notice
Gebhard Muster[2]	22 June 2017	Until further notice
Helge Rechberger[2]	10 October 2010	Until further notice
Suanne Unger[2]	16 February 2012	Until further notice
Natalie Egger-Grunicke[2]	18 February 2016	Until further notice

1 Effective as of 10 October 2010
2 Delegated by the Staff Council

Johannes Ortner resigned from his function with effect from 18 June. Günther Reibersdorfer resigned from his Supervisory Board function with effect from the end of the company's Annual General Meeting on 20 October 2020. They were succeeded by Reinhard Mayr and Heinz Konrad.

Natalie Egger-Grunicke resumed her Supervisory Board functions from Sigrid Netzker on 1 January after returning from parental leave.

State Commissioners

- Alfred Lejsek, State Commissioner (since 1 January 2011)
- Anton Matzinger, Deputy State Commissioner (since 1 April 2011)

(69) Group composition

Consolidated Group

	Fully consolidated	
Number of units	**2020**	**2019**
As at beginning of period	**209**	**226**
Included for the first time in the financial period	6	4
Merged in the financial period	(1)	(4)
Excluded in the financial period	(5)	(17)
As at end of period	**209**	**209**

Of the 209 entities in the Group, 117 are domiciled in Austria (2019: 115) and 92 abroad (2019: 94). They comprise 20 banks, 134 financial institutions, 12 companies rendering bank-related ancillary services, 9 financial holding companies and 34 other companies.

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

Included units

Company, domicile (country)	Share	Included as of	Reason
Financial institutions			
Elevator Ventures Beteiligungs GmbH, Vienna (AT)	100.0%	1/1	Materiality
OOO Raiffeisen Capital Asset Management Company, Moscow (RU)	100.0%	1/1	Materiality
S.A.I. Raiffeisen Asset Management S.A., Bucharest (RO)	99.9%	1/1	Materiality
WHIBK Raiffeisen-Immobilien-Leasing GmbH, Vienna (AT)	100.0%	1/10	Start of operations
Companies rendering bank-related ancilliary services			
Centralised Raiffeisen International Services & Payments S.R.L., Bucharest (RO)	100.0%	1/1	Materiality
RBI Group IT GmbH, Vienna (AT)	100.0%	1/1	Materiality

Excluded units

Company, domicile (country)	Share	Excluded as of	Reason
Financial institutions			
Niederösterreichische Landes-Landwirtschaftskammer Errichtungs- und Betriebsgesellschaft m.b.H., Vienna (AT)	100.0%	1/1	Sale
Propria Raiffeisen-Immobilien-Leasing GmbH, Vienna (AT)	90.0%	1/12	Materiality
Raiffeisen Burgenland Leasing GmbH, Vienna (AT)	100.0%	1/1	Materiality
RBI Vajnoria spol.s.r.o., Bratislava (SK)	75.0%	1/12	Materiality
Companies rendering bank-related ancilliary services			
CJSC Mortgage Agent Raiffeisen 01, Moscow (RU)	<0.1%	1/1	Materiality
Other companies			
''S-SPV'' d.o.o. Sarajevo, Sarajevo (BA)	100.0%	1/5	Merger

Consolidated subsidiaries where RBI holds less than 50 per cent of the ordinary voting shares

Subsidiaries in which the Group holds less than half of the voting rights are fully consolidated if RBI has effective control according to the criteria of IFRS 10. This involves examining whether the Group is exposed or has rights to variable returns from its involvement in the investee and has the ability to affect those returns through its power over the investee.

Structured units have been designed in such a way that voting rights or other similar rights are not the dominant factor in establishing control of a company.

The Group has a number of leasing companies in the legal form of a GmbH & Co KG, in which a Group company assumes the role of general partner. Through this structure, the Group assumes the requisite personal liability which qualifies as exposure to the variability of the returns generated by the structured companies. These companies are included in the list of fully consolidated affiliated companies.

Subsidiaries not fully consolidated where RBI holds more than 50 per cent of the ordinary voting shares

Due to their negligible contribution to the Group's assets, earnings and financial position, 290 subsidiaries were not included in the consolidated financial statements (2019: 309). Total assets of the companies not included came to less than 1 per cent of the Group's total assets.

List of fully consolidated affiliated companies

Company, domicile (country)	Subscribed capital[1] in local currency		Share[1]	Type[2]
"Raiffeisen-Rent" Vermögensberatung und Treuhand Gesellschaft m.b.H., Vienna (AT)	364,000	EUR	100.0%	FI
Abade Immobilienleasing GmbH, Eschborn (DE)	25,000	EUR	100.0%	FI
Abade Immobilienleasing GmbH & Co Projekt Lauterbach KG, Eschborn (DE)	5,000	EUR	6.0%	FI
Abura Immobilienleasing GmbH & Co. Projekt Seniorenhaus Boppard KG, Eschborn (DE)	5,000	EUR	6.0%	FI
Achat Immobilien GmbH & Co. Projekt Hochtaunus-Stift KG, Eschborn (DE)	10,000	EUR	1.0%	FI
Acridin Immobilienleasing GmbH & Co. Projekt Marienfeld KG, Eschborn (DE)	5,000	EUR	100.0%	FI
Adagium Immobilienleasing GmbH, Eschborn (DE)	25,000	EUR	100.0%	FI
Adamas Immobilienleasing GmbH & Co. Projekt Pflegeheim Werdau KG, Eschborn (DE)	5,000	EUR	100.0%	FI
Adiantum Immobilienleasing GmbH & Co. Projekt Schillerhöhe Weimar KG, Eschborn (DE)	5,000	EUR	6.0%	FI
Adipes Immobilienleasing GmbH & Co. Projekt Bremervörde KG, Frankfurt am Main (DE)	5,000	EUR	100.0%	FI
Adorant Immobilienleasing GmbH & Co. Projekt Heilsbronn und Neuendettelsau KG, Eschborn (DE)	5,000	EUR	6.0%	OT
Ados Immobilienleasing GmbH, Eschborn (DE)	25,000	EUR	75.0%	FI
Adrittura Immobilienleasing GmbH & Co. Projekt Eiching KG, Eschborn (DE)	5,000	EUR	70.0%	OT
Aedificium Banca pentru Locuinte S.A., Bucharest (RO)	31,680,000	RON	99.9%	BA
Agamemnon Immobilienleasing GmbH & Co. Projekt Pflegeheim Freiberg KG, Eschborn (DE)	5,000	EUR	100.0%	FI
AGIOS Raiffeisen-Immobilien Leasing Gesellschaft m.b.H., Vienna (AT)	36,400	EUR	51.0%	FI
AKRISIOS Raiffeisen-Immobilien-Leasing GmbH, Vienna (AT)	35,000	EUR	100.0%	FI
AL Taunussteiner Grundstücks-GmbH & Co KG, Eschborn (DE)	9,400	EUR	93.6%	FI
A-Leasing SpA, Treviso (IT)	68,410,000	EUR	100.0%	FI
AMYKOS RBI Leasing-Immobilien GmbH, Vienna (AT)	35,000	EUR	75.0%	FI
Anton Proksch Institut Kalksburg RBI Immobilien Leasing GmbH, Vienna (AT)	35,000	EUR	75.0%	OT
AO Raiffeisenbank, Moscow (RU)	36,711,260,000	RUB	100.0%	BA
ARCANA Raiffeisen-Immobilien-Leasing Gesellschaft m.b.H., Vienna (AT)	36,400	EUR	100.0%	FI
A-Real Estate S.p.A., Bozen (IT)	390,000	EUR	100.0%	FI
Austria Leasing Beteiligungsgesellschaft mbH, Eschborn (DE)	25,000	EUR	100.0%	FI
Austria Leasing GmbH, Eschborn (DE)	1,000,000	EUR	100.0%	FI
Austria Leasing GmbH & Co. Immobilienverwaltung Projekt Hannover KG, Eschborn (DE)	10,000	EUR	100.0%	FI
B52 RBI Leasing-Immobilien GmbH, Vienna (AT)	35,000	EUR	75.0%	OT
BAILE Handels- und Beteiligungsgesellschaft m.b.H., Vienna (AT)	40,000	EUR	100.0%	FI
Baumgartner Höhe RBI Leasing-Immobilien GmbH, Vienna (AT)	35,000	EUR	75.0%	FI
Burgenländische Kommunalgebäudeleasing Gesellschaft m.b.H., Vienna (AT)	35,000	EUR	100.0%	FI
Campus NBhf RBI Immobilien-Leasing GmbH, Vienna (AT)	35,000	EUR	75.0%	OT
Canopa Raiffeisen-Immobilien-Leasing Gesellschaft m.b.H., Vienna (AT)	36,400	EUR	100.0%	FI
Centralised Raiffeisen International Services & Payments S.R.L., Bucharest (RO)	2,820,000	RON	100.0%	BR
CERES Raiffeisen-Immobilien-Leasing GmbH, Vienna (AT)	35,000	EUR	100.0%	FI
CINOVA RBI Leasing-Immobilien GmbH, Vienna (AT)	35,000	EUR	75.0%	FI
CP Inlandsimmobilien-Holding GmbH, Vienna (AT)	364,000	EUR	100.0%	OT
CUPIDO Raiffeisen-Immobilien-Leasing GmbH, Vienna (AT)	35,000	EUR	100.0%	FI
DOROS Raiffeisen-Immobilien-Leasing GmbH, Vienna (AT)	35,000	EUR	100.0%	FI
Elevator Ventures Beteiligungs GmbH, Vienna (AT)	100,000	EUR	100.0%	FI
ETEOKLES Raiffeisen-Immobilien-Leasing GmbH, Vienna (AT)	35,000	EUR	100.0%	FI
Expo 2000 Real Estate EOOD, Sofia (BG)	10,000	BGN	100.0%	OT
FCC Office Building SRL, Bucharest (RO)	30,298,500	RON	100.0%	BR
FEBRIS Raiffeisen-Immobilien-Leasing GmbH, Vienna (AT)	35,000	EUR	100.0%	FI
Floreasca City Center Verwaltung Kft., Budapest (HU)	42,000	HUF	100.0%	FI
FMK Fachmarktcenter Kohlbruck Betriebs GmbH, Eschborn (DE)	30,678	EUR	94.5%	OT
FMZ PRIMUS Ingatlanfejlesztö Kft., Budapest (HU)	11,077	EUR	100.0%	OT
GENO Leasing Ges.m.b.H., Vienna (AT)	36,400	EUR	100.0%	FI
GTNMS RBI Immobilien-Leasing GmbH, Vienna (AT)	35,000	EUR	75.0%	OT
HABITO Raiffeisen-Immobilien-Leasing GmbH, Vienna (AT)	35,000	EUR	100.0%	FI

1 Less own shares
2 Company type: BA Bank, BR Company rendering banking-related ancillary services, FH Financial holding, FI Financial institution, OT Other companies, VV Insurance, SC Securities firms

Company, domicile (country)	Subscribed capital[1] in local currency		Share[1]	Type[2]
Health Resort RBI Immobilien-Leasing GmbH, Vienna (AT)	35,000	EUR	75.0%	FI
Infrastruktur Heilbad Sauerbrunn RBI-Leasing GmbH & Co.KG., Bad Sauerbrunn (AT)	3,511,788	EUR	75.0%	FI
Invest Vermögensverwaltungs-GmbH, Vienna (AT)	73,000	EUR	100.0%	OT
JLLC "Raiffeisen-leasing", Minsk (BY)	430,025	BYN	91.4%	FI
Kathrein Privatbank Aktiengesellschaft, Vienna (AT)	20,000,000	EUR	100.0%	BA
KAURI Handels und Beteiligungs GmbH, Vienna (AT)	50,000	EUR	88.0%	FI
Kiinteistö Oy Rovaniemen tietotekniikkakeskus, Helsinki (FI)	100,000	EUR	100.0%	FI
Kiinteistö Oy Seinäjoen Joupinkatu 1, Helsinki (FI)	100,000	EUR	100.0%	FI
KONEVOVA s.r.o., Prague (CZ)	50,000,000	CZK	75.0%	BR
LARENTIA Raiffeisen-Immobilien-Leasing GmbH, Vienna (AT)	35,000	EUR	100.0%	OT
Lentia Immobilienleasing GmbH & Co. Albert-Osswald-Haus KG, Eschborn (DE)	5,000	EUR	6.0%	FI
Limited Liability Company Raiffeisen Leasing Aval, Kiev (UA)	1,240,152,866	UAH	72.3%	FI
LLC "ARES Nedvizhimost", Moscow (RU)	10,000	RUB	50.0%	BR
LYRA Raiffeisen Immobilien Leasing Gesellschaft m.b.H., Vienna (AT)	36,400	EUR	100.0%	FI
Objekt Linser Areal Immoblilienerrichtungs GmbH & Co. KG, Vienna (AT)	1,000	EUR	100.0%	OT
OOO Raiffeisen Capital Asset Management Company, Moscow (RU)	225,000,000	RUB	100.0%	FI
OOO Raiffeisen-Leasing, Moscow (RU)	1,071,000,000	RUB	100.0%	FI
Orestes Immobilienleasing GmbH & Co. Projekt Wiesbaden KG, Eschborn (DE)	5,000	EUR	6.0%	FI
Ostarrichi Immobilienleasing GmbH & Co. Projekt Langenbach KG, Eschborn (DE)	5,000	EUR	100.0%	FI
PELIAS Raiffeisen-Immobilien-Leasing GmbH, Vienna (AT)	36,400	EUR	100.0%	FI
PERSES RBI Leasing-Immobilien GmbH, Vienna (AT)	35,000	EUR	75.0%	FI
PLANA Raiffeisen-Leasing Gesellschaft m.b.H., Vienna (AT)	36,400	EUR	100.0%	FI
Priorbank JSC, Minsk (BY)	86,147,909	BYN	87.7%	BA
R Karpo Immobilien Linie S.R.L., Bucharest (RO)	200	RON	100.0%	OT
R.P.I. Handels- und Beteiligungsgesellschaft m.b.H., Vienna (AT)	36,336	EUR	100.0%	FI
Raiffeisen Bank Aval JSC, Kiev (UA)	6,154,516,258	UAH	68.2%	BA
Raiffeisen Bank d.d. Bosna i Hercegovina, Sarajevo (BA)	247,167,000	BAM	100.0%	BA
Raiffeisen Bank Kosovo J.S.C., Pristina (KO)	63,000,000	EUR	100.0%	BA
Raiffeisen Bank S.A., Bucharest (RO)	1,200,000,000	RON	99.9%	BA
Raiffeisen Bank Sh.a., Tirana (AL)	14,178,593,030	ALL	100.0%	BA
Raiffeisen Bank Zrt., Budapest (HU)	50,000,090,000	HUF	100.0%	BA
Raiffeisen banka a.d., Belgrade (RS)	27,466,157,580	RSD	100.0%	BA
Raiffeisen Bausparkasse Gesellschaft m.b.H., Vienna (AT)	35,000,000	EUR	100.0%	BA
Raiffeisen Bausparkassen Holding GmbH, Vienna (AT)	10,000,000	EUR	100.0%	FH
Raiffeisen CEE Region Holding GmbH, Vienna (AT)	35,000	EUR	100.0%	FH
Raiffeisen Centrobank AG, Vienna (AT)	47,598,850	EUR	100.0%	BA
Raiffeisen CIS Region Holding GmbH, Vienna (AT)	35,000	EUR	100.0%	FH
Raiffeisen consulting d.o.o., Zagreb (HR)	105,347,000	HRK	100.0%	OT
Raiffeisen Corporate Leasing GmbH, Vienna (AT)	35,000	EUR	100.0%	FI
Raiffeisen Corporate Lízing Zrt., Budapest (HU)	50,100,000	HUF	100.0%	FI
Raiffeisen Factor Bank AG, Vienna (AT)	10,000,000	EUR	100.0%	FI
Raiffeisen FinCorp, s.r.o., Prague (CZ)	200,000	CZK	75.0%	FI
Raiffeisen Immobilienfonds, Vienna (AT)	0	EUR	96.5%	FI
Raiffeisen International Invest Holding GmbH, Vienna (AT)	35,000	EUR	100.0%	FI
Raiffeisen International Liegenschaftsbesitz GmbH, Vienna (AT)	35,000	EUR	100.0%	FI
Raiffeisen Kapitalanlage-Gesellschaft m.b.H., Vienna (AT)	15,000,000	EUR	100.0%	FI
Raiffeisen Leasing Bulgaria EOOD, Sofia (BG)	35,993,000	BGN	100.0%	FI
Raiffeisen Leasing d.o.o., Belgrade (RS)	226,355,000	RSD	100.0%	FI
Raiffeisen Leasing d.o.o., Ljubljana (SI)	3,738,107	EUR	100.0%	FI
Raiffeisen Leasing d.o.o. Sarajevo, Sarajevo (BA)	15,407,899	BAM	100.0%	FI

1 Less own shares
2 Company type: BA Bank, BR Company rendering banking-related ancillary services, FH Financial holding, FI Financial institution, OT Other companies, VV Insurance, SC Securities firms

Company, domicile (country)	Subscribed capital[1] in local currency		Share[1]	Type[2]
Raiffeisen Leasing IFN S.A., Bucharest (RO)	14,935,400	RON	99.9%	FI
Raiffeisen Leasing Kosovo LLC, Pristina (KO)	642,857	EUR	100.0%	FI
Raiffeisen Leasing sh.a., Tirana (AL)	263,520,134	ALL	100.0%	FI
Raiffeisen Leasing-Projektfinanzierung Gesellschaft m.b.H., Vienna (AT)	72,673	EUR	100.0%	FI
Raiffeisen Mandatory and Voluntary Pension Funds Management Company Plc., Zagreb (HR)	143,445,300	HRK	100.0%	OT
Raiffeisen ÖHT Beteiligungs GmbH, Vienna (AT)	35,000	EUR	88.0%	FI
Raiffeisen Pension Insurance d.d., Zagreb (HR)	23,100,000	HRK	100.0%	VV
Raiffeisen Property Holding International GmbH, Vienna (AT)	35,000	EUR	100.0%	FI
Raiffeisen Property International GmbH, Vienna (AT)	40,000	EUR	100.0%	OT
Raiffeisen Property Management GmbH, Vienna (AT)	40,000	EUR	100.0%	OT
Raiffeisen Rehazentrum Schruns Immobilienleasing GmbH, Vienna (AT)	36,400	EUR	51.0%	FI
Raiffeisen Rent DOO, Belgrade (RS)	243,099,913	RSD	100.0%	OT
Raiffeisen RS Beteiligungs GmbH, Vienna (AT)	35,000	EUR	100.0%	FH
Raiffeisen SEE Region Holding GmbH, Vienna (AT)	35,000	EUR	100.0%	FH
Raiffeisen stambena stedionica d.d., Zagreb (HR)	180,000,000	HRK	100.0%	BA
Raiffeisen stavebni sporitelna a.s., Prague (CZ)	650,000,000	CZK	75.0%	BA
Raiffeisen WohnBau Seeresidenz Weyregg GmbH, Vienna (AT)	35,000	EUR	100.0%	OT
Raiffeisen WohnBau Tirol GmbH, Vienna (AT)	35,000	EUR	100.0%	OT
Raiffeisen WohnBau Vienna GmbH, Vienna (AT)	35,000	EUR	100.0%	OT
Raiffeisen WohnBau Wien GmbH, Vienna (AT)	35,000	EUR	100.0%	OT
Raiffeisen Wohnbaubank Aktiengesellschaft, Vienna (AT)	5,100,000	EUR	100.0%	FI
Raiffeisen-Anlagenvermietung Gesellschaft m.b.H., Vienna (AT)	36,400	EUR	100.0%	FI
Raiffeisenbank (Bulgaria) EAD, Sofia (BG)	603,447,952	BGN	100.0%	BA
Raiffeisenbank a.s., Prague (CZ)	11,060,800,000	CZK	75.0%	BA
Raiffeisenbank Austria d.d., Zagreb (HR)	3,621,432,000	HRK	100.0%	BA
Raiffeisen-Gemeindegebäudeleasing Gesellschaft m.b.H., Vienna (AT)	35,000	EUR	100.0%	FI
Raiffeisen-Immobilien-Leasing Gesellschaft m.b.H., Vienna (AT)	36,400	EUR	100.0%	FI
Raiffeisen-Invest-Gesellschaft m.b.H., Vienna (AT)	40,000	EUR	100.0%	FI
Raiffeisen-Kommunalgebäudeleasing Gesellschaft m.b.H., Vienna (AT)	35,000	EUR	100.0%	FI
Raiffeisen-Leasing Beteiligung GesmbH, Vienna (AT)	36,400	EUR	100.0%	FI
Raiffeisen-Leasing d.o.o., Zagreb (HR)	30,000,000	HRK	100.0%	FI
Raiffeisen-Leasing Equipment Finance GmbH, Vienna (AT)	35,000	EUR	100.0%	FI
Raiffeisen-Leasing Finanzierungs GmbH, Vienna (AT)	5,000,000	EUR	100.0%	FI
Raiffeisen-Leasing Fuhrparkmanagement Gesellschaft m.b.H., Vienna (AT)	36,400	EUR	100.0%	OT
Raiffeisen-Leasing Gesellschaft m.b.H., Vienna (AT)	363,364	EUR	100.0%	FI
Raiffeisen-Leasing Immobilienmanagement Gesellschaft m.b.H., Vienna (AT)	36,400	EUR	100.0%	FI
Raiffeisen-Leasing International Gesellschaft m.b.H., Vienna (AT)	36,336	EUR	100.0%	FI
Raiffeisen-Leasing Litauen UAB, Vilnius (LT)	100,000	EUR	92.3%	FI
Raiffeisen-Leasing, s.r.o., Prague (CZ)	450,000,000	CZK	75.0%	FI
Raiffeisen-Rent Immobilienprojektentwicklung Gesellschaft m.b.H. Objekt Wallgasse 12 KG, Vienna (AT)	4,886,449	EUR	100.0%	OT
Raiffeisen-Rent-Immobilienprojektentwicklung Gesellschaft m.b.H., Objekt Lenaugasse 11 KG, Vienna (AT)	6,169,924	EUR	100.0%	OT
RALT Raiffeisen-Leasing Gesellschaft m.b.H., Vienna (AT)	218,500	EUR	100.0%	FI
RALT Raiffeisen-Leasing Gesellschaft m.b.H. & Co. KG, Vienna (AT)	20,348,394	EUR	100.0%	BR
RAN vierzehn Raiffeisen-Anlagevermietung GmbH, Vienna (AT)	36,336	EUR	100.0%	FI
RAN zehn Raiffeisen-Anlagenvermietung Gesellschaft m.b.H., Vienna (AT)	36,336	EUR	100.0%	FI
RB International Markets (USA) LLC, New York (US)	8,000,000	USD	100.0%	FI
RBI Beteiligungs GmbH, Vienna (AT)	100,000	EUR	100.0%	FH
RBI eins Leasing Holding GmbH, Vienna (AT)	35,000	EUR	75.0%	FI
RBI Group IT GmbH, Vienna (AT)	100,000	EUR	100.0%	BR
RBI IB Beteiligungs GmbH, Vienna (AT)	35,000	EUR	100.0%	FH

1 Less own shares
2 Company type: BA Bank, BR Company rendering banking-related ancillary services, FH Financial holding, FI Financial institution, OT Other companies, VV Insurance, SC Securities firms

Company, domicile (country)	Subscribed capital[1] in local currency		Share[1]	Type[2]
RBI Invest GmbH, Vienna (AT)	500,000	EUR	100.0%	FH
RBI ITS Leasing-Immobilien GmbH, Vienna (AT)	35,000	EUR	75.0%	FI
RBI KI Beteiligungs GmbH, Vienna (AT)	48,000	EUR	100.0%	FH
RBI LEA Beteiligungs GmbH, Vienna (AT)	70,000	EUR	100.0%	FI
RBI Leasing GmbH, Vienna (AT)	100,000	EUR	75.0%	FI
RBI LGG Holding GmbH, Vienna (AT)	35,000	EUR	100.0%	FI
RBI PE Handels- und Beteiligungs GmbH, Vienna (AT)	150,000	EUR	100.0%	FI
Realplan Beta Liegenschaftsverwaltung Gesellschaft m.b.H., Vienna (AT)	36,400	EUR	100.0%	FI
REC Alpha LLC, Kiev (UA)	1,481,843,204	UAH	100.0%	BR
Regional Card Processing Center s.r.o., Bratislava (SK)	539,465	EUR	100.0%	BR
RIL VII Raiffeisen-Immobilien-Leasing Gesellschaft m.b.H., Vienna (AT)	36,400	EUR	100.0%	FI
RIL XIV Raiffeisen-Immobilien-Leasing Gesellschaft m.b.H., Vienna (AT)	36,400	EUR	100.0%	FI
RIRE Holding GmbH, Vienna (AT)	35,000	EUR	100.0%	FI
RL Anlagenvermietung Gesellschaft m.b.H., Eschborn (DE)	50,000	DEM	100.0%	FI
RL Grundstückverwaltung Klagenfurt-Süd GmbH, Vienna (AT)	35,000	EUR	100.0%	FI
RL LUX Holding S.a.r.l., Luxembourg (LU)	12,500	EUR	100.0%	OT
RL Retail Holding GmbH, Vienna (AT)	36,000	EUR	100.0%	FI
RL Thermal Beteiligungen GmbH, Vienna (AT)	35,000	EUR	100.0%	FI
RL Thermal GmbH, Vienna (AT)	36,336	EUR	100.0%	FI
RL Thermal GmbH & Co Liegenschaftsverwaltung KG, Vienna (AT)	1,453,457	EUR	100.0%	FI
RL-ALPHA Holding GmbH, Vienna (AT)	35,000	EUR	100.0%	FI
RLI Holding Gesellschaft m.b.H., Vienna (AT)	40,000	EUR	100.0%	FI
RL-Mörby AB, Stockholm (SE)	100,000	SEK	100.0%	FI
RL-Nordic AB, Stockholm (SE)	50,000,000	SEK	100.0%	FI
RL-Nordic OY, Helsinki (FI)	100,000	EUR	100.0%	FI
RL-Pro Auxo Sp.z.o.o., Warsaw (PL)	50,000	PLN	100.0%	FI
RL-PROMITOR Holding GmbH, Vienna (AT)	35,000	EUR	100.0%	OT
RL-PROMITOR Sp. z.o.o., Warsaw (PL)	50,000	PLN	100.0%	OT
ROOF Smart S.A., Luxembourg (LU)	1	EUR	<0.1%	FI
RUBRA Raiffeisen-Immobilien-Leasing Gesellschaft m.b.H., Vienna (AT)	36,400	EUR	100.0%	FI
RZB - BLS Holding GmbH, Vienna (AT)	500,000	EUR	100.0%	FI
RZB Finance (Jersey) III Ltd, St. Helier (JE)	1,000	EUR	100.0%	FI
RZB Versicherungsbeteiligung GmbH, Vienna (AT)	500,000	EUR	100.0%	FI
S.A.I. Raiffeisen Asset Management S.A., Bucharest (RO)	10,656,000	RON	99.9%	FI
SALVELINUS Handels- und Beteiligungsgesellschaft m.b.H, Vienna (AT)	40,000	EUR	100.0%	FI
SAMARA Raiffeisen-Immobilien-Leasing Gesellschaft m.b.H., Vienna (AT)	36,400	EUR	100.0%	FI
SINIS Raiffeisen-Immobilien-Leasing Gesellschaft m.b.H., Vienna (AT)	35,000	EUR	100.0%	FI
Sky Tower Immobilien- und Verwaltung Kft, Budapest (HU)	43,000	HUF	100.0%	OT
Skytower Building SRL, Bucharest (RO)	126,661,500	RON	100.0%	OT
SOLAR II Raiffeisen-Immobilien-Leasing Gesellschaft m.b.H., Vienna (AT)	36,400	EUR	100.0%	FI
Styria Immobilienleasing GmbH & Co. Projekt Ahlen KG, Eschborn (DE)	5,000	EUR	6.0%	FI
Tatra Asset Management, správ. spol., a.s., Bratislava (SK)	1,659,700	EUR	78.8%	FI
Tatra banka, a.s., Bratislava (SK)	64,326,228	EUR	78.8%	BA
Tatra Residence, a.s., Bratislava (SK)	21,420,423	EUR	78.8%	BR
Tatra-Leasing, s.r.o., Bratislava (SK)	6,638,785	EUR	78.8%	FI
THYMO Raiffeisen-Leasing Gesellschaft m.b.H., Vienna (AT)	36,336	EUR	100.0%	FI
Ukrainian Processing Center PJSC, Kiev (UA)	180,000	UAH	100.0%	BR
Unterinntaler Raiffeisen-Leasing GmbH & Co KG, Vienna (AT)	36,336	EUR	100.0%	FI
URSA Raiffeisen-Immobilien-Leasing Gesellschaft m.b.H., Vienna (AT)	36,400	EUR	100.0%	FI
Valida Holding AG, Vienna (AT)	5,000,000	EUR	57.4%	FI

1 Less own shares
2 Company type: BA Bank, BR Company rendering banking-related ancillary services, FH Financial holding, FI Financial institution, OT Other companies, VV Insurance, SC Securities firms

Company, domicile (country)	Subscribed capital[1] in local currency		Share[1]	Type[2]
Valida Pension AG, Vienna (AT)	10,200,000	EUR	57.4%	OT
Valida Plus AG, Vienna (AT)	5,500,000	EUR	57.4%	FI
Viktor Property, s.r.o., Prague (CZ)	200,000	CZK	75.0%	OT
Vindalo Properties Limited, Limassol (CY)	67,998	RUB	100.0%	BR
Vindobona Immobilienleasing GmbH & Co. Projekt Autohaus KG, Eschborn (DE)	5,000	EUR	6.0%	FI
WEGA Raiffeisen-Immobilien-Leasing Gesellschaft m.b.H., Vienna (AT)	36,400	EUR	100.0%	FI
WHIBK Raiffeisen-Immobilien-Leasing GmbH, Vienna (AT)	35,000	EUR	100.0%	FI
ZHS Office- & Facilitymanagement GmbH, Vienna (AT)	36,336	EUR	98.6%	BR

1 Less own shares
2 Company type: BA Bank, BR Company rendering banking-related ancillary services, FH Financial holding, FI Financial institution, OT Other companies, VV Insurance, SC Securities firms

Structured units

The following tables show the carrying amounts of the financial assets and the financial liabilities to non-consolidated structured entities broken down by type of structured entity. The carrying amounts presented below do not reflect the true variability of returns faced by the Group as they do not take into account the effects of collateral or hedges.

Assets

2020 in € thousand	Loans and advances	Equity instruments	Foreign exchange business	Derivatives
Securitization vehicles	40,362	0	127,908	0
Third party funding entities	199,471	3,646	0	162
Funds	0	53,452	0	0
Total	**239,833**	**57,098**	**127,908**	**162**

2019 in € thousand	Loans and advances	Equity instruments	Foreign exchange business	Derivatives
Securitization vehicles	36,659	0	312,759	0
Third party funding entities	176,806	2,747	0	0
Funds	0	60,793	0	0
Total	**213,465**	**63,540**	**312,759**	**0**

Liabilities

2020 in € thousand	Deposits	Equity instruments	Debt securities issued	Derivatives
Securitization vehicles	57	0	0	0
Third party funding entities	15,449	0	0	0
Funds	0	0	0	0
Total	**15,506**	**0**	**0**	**0**

2019 in € thousand	Deposits	Equity instruments	Debt securities issued	Derivatives
Securitization vehicles	40	0	0	0
Third party funding entities	14,617	0	0	330
Funds	0	0	0	0
Total	**14,658**	**0**	**0**	**330**

Nature, purpose and extent of the Group's interests in non-consolidated structured entities

The Group engages in various business activities with structured entities which are designed to achieve a specific business purpose. A structured entity is one that has been set up so that any voting rights or similar rights are not the dominant factor in deciding who controls the entity. An example is when voting rights relate only to administrative tasks and the relevant activities are directed by contractual arrangements.

A structured entity often has some or all of the following features or attributes:

- Restricted activities
- A narrow and well-defined objective
- Insufficient equity to permit the structured entity to finance its activities without subordinated financial support
- Financing in the form of the issue of multiple contractually linked instruments to investors that create concentrations of credit or other risks (tranches).

The principal uses of structured entities are to provide clients with access to specific portfolios of assets and to provide market liquidity for clients through securitizing financial assets. Structured entities may be established as corporations, trusts or partnerships. Structured entities generally finance the purchase of assets by issuing debt and equity securities that are collateralized by and/or indexed to the assets held by the structured entities.

Structured entities are consolidated when the substance of the relationship between the Group and the structured entities indicates that the structured entities are controlled by the Group.

Below is a description of the Group's investments in non-consolidated structured entities by type.

Third party funding entities

The Group provides funding to structured entities that hold a variety of assets. These entities may take the form of funding entities, trusts and private investment companies. The funding is collateralized by the assets in the structured entities. The Group's investment activity involves predominantly lending.

Securitization vehicles

The Group establishes securitization vehicles which purchase diversified pools of assets, including fixed income securities, company loans, and asset-backed securities (predominantly commercial and residential mortgage-backed securities and credit card receivables). The vehicles fund these purchases by issuing multiple tranches of debt and equity securities, the repayment of which is linked to the performance of the assets contained in the vehicles.

Funds

The Group establishes structured entities to accommodate client requirements to hold investments in specific assets. The Group also invests in funds that are sponsored by third parties. A Group entity may act as fund manager, custodian or in another function and provide funding and liquidity facilities to both Group-sponsored and third party funds. The funding provided is collateralized by the underlying assets held by the fund.

Maximum exposure to and size of non-consolidated structured entities

The maximum exposure to loss is determined by considering the nature of the interest in the non-consolidated structured entity. The maximum exposure for loans and trading instruments is reflected by their carrying amounts in the statement of financial position. The maximum exposure for derivatives and instruments off the statement of financial position such as guarantees, liquidity facilities and loan commitments under IFRS 12, as interpreted by the Group, is reflected by the respective notional amount. Such amounts do not reflect the economic risks faced by the Group because they do not take into account the effects of collateral or hedges or the probability of such losses being incurred. As at 31 December 2020, the notional values of derivatives and instruments off the statement of financial position amounted to € 14,734 thousand (2019: € 17,672 thousand) and € 33,706 thousand (2019: € 18,884 thousand) respectively. The reduction in instruments off the statement of financial position was primarily caused by Raiffeisen Leasing s.r.o., Prague, and is connected with a change in the refinancing structure of the companies involved.

Since information on the size of structured entities is not always publicly available, the Group has determined that its exposure is an appropriate guide to the risk of loss from investments in non-consolidated structured entities.

Financial support

As in 2019, the Group has not provided financial support during the financial year to non-consolidated structured entities.

Sponsored structured entities

As a sponsor, the Group is often involved in the legal set up and marketing of the entity and supports the entity in different ways such as providing operational support to ensure the entity's continued operation. The Group is also deemed a sponsor for a structured entity if market participants would reasonably associate the entity with the Group. Additionally, the use of the Raiffeisen name for the structured entity often indicates that the Group has acted as a sponsor. The gross proceeds from sponsored entities for the year ending 31 December 2020 amounted to € 207,935 thousand (2019: € 216,505 thousand). No assets were transferred to sponsored non-consolidated structured entities in 2020 or 2019.

(70) List of equity participations

Associated companies valued at equity

Company, domicile (country)	Subscribed capital in local currency		Share	Type[1]
card complete Service Bank AG, Vienna (AT)	6,000,000	EUR	25.0%	BA
EMCOM Beteiligungs GmbH, Vienna (AT)	37,000	EUR	33.6%	FI
LEIPNIK-LUNDENBURGER INVEST Beteiligungs Aktiengesellschaft, Vienna (AT)	32,624,283	EUR	33.1%	OT
NOTARTREUHANDBANK AG, Vienna (AT)	8,030,000	EUR	26.0%	FI
Oesterreichische Kontrollbank Aktiengesellschaft, Vienna (AT)	130,000,000	EUR	8.1%	BA
Österreichische Hotel- und Tourismusbank Gesellschaft m.b.H., Vienna (AT)	11,627,653	EUR	31.3%	BA
Posojilnica Bank eGen, Klagenfurt (AT)	76,372,905	EUR	48.6%	BA
Prva stavebna sporitelna a.s., Bratislava (SK)	66,500,000	EUR	32.5%	BA
Raiffeisen Informatik GmbH & Co KG, Vienna (AT)	1,460,000	EUR	47.6%	BR
Raiffeisen-Leasing Management GmbH, Vienna (AT)	300,000	EUR	50.0%	OT
UNIQA Insurance Group AG, Vienna (AT)	309,000,000	EUR	10.9%	VV

1 Company type: BA Bank, BR Company rendering banking-related ancillary services, FH Financial holding, FI Financial institution, OT Other companies, VV Insurance, SC Securities firms

Other affiliated companies

Company, domicile (country)	Subscribed capital in local currency		Share	Type[1]
"Am Hafen" Sutterlüty GmbH & Co, Vienna (AT)	100,000	EUR	<0.1%	FI
"A-SPV" d.o.o. Sarajevo, Sarajevo (BA)	2,000	BAM	100.0%	OT
Abakus Immobilienleasing GmbH, Eschborn (DE)	25,000	EUR	100.0%	OT
Abakus Immobilienleasing GmbH & Co Projekt Leese KG, Eschborn (DE)	5,000	EUR	6.0%	OT
Abrawiza Immobilienleasing GmbH, Eschborn (DE)	25,000	EUR	100.0%	OT
Abrawiza Immobilienleasing GmbH & Co. Projekt Fernwald KG, Eschborn (DE)	5,000	EUR	6.0%	OT
Abura Immobilienleasing GmbH, Eschborn (DE)	25,000	EUR	100.0%	OT
Abutilon Immobilienleasing GmbH, Eschborn (DE)	25,000	EUR	100.0%	OT
ACB Ponava, s.r.o., Prague (CZ)	200,000	CZK	100.0%	OT
Achat Immobilienleasing GmbH, Eschborn (DE)	25,000	EUR	100.0%	OT
Acridin Immobilienleasing GmbH, Eschborn (DE)	25,000	EUR	100.0%	OT
Adamas Immobilienleasing GmbH, Eschborn (DE)	25,000	EUR	100.0%	OT
Adiantum Immobilienleasing GmbH, Eschborn (DE)	25,000	EUR	100.0%	OT
Adipes Immobilienleasing GmbH, Eschborn (DE)	25,000	EUR	100.0%	OT
Adorant Immobilienleasing GmbH, Eschborn (DE)	25,000	EUR	100.0%	OT
Adrett Immobilienleasing GmbH, Eschborn (DE)	25,000	EUR	100.0%	OT
Adrittura Immobilienleasing GmbH, Eschborn (DE)	25,000	EUR	100.0%	OT
Adufe Immobilienleasing GmbH, Eschborn (DE)	25,000	EUR	100.0%	OT
Adular Immobilienleasing GmbH, Eschborn (DE)	25,000	EUR	100.0%	OT
Adular Immobilienleasing GmbH & Co. Projekt Rödermark KG, Eschborn (DE)	5,000	EUR	100.0%	FI
Agamemnon Immobilienleasing GmbH, Eschborn (DE)	25,000	EUR	100.0%	OT
AGITO Immobilien-Leasing GesmbH, Vienna (AT)	36,400	EUR	100.0%	FI
Aglaia Property, s.r.o., Prague (CZ)	50,000	CZK	100.0%	OT
ALT POHLEDY s.r.o., Prague (CZ)	84,657,000	CZK	100.0%	OT
Ananke Property, s.r.o., Prague (CZ)	50,000	CZK	100.0%	OT
Angaga Handels- und Beteiligungs GmbH, Vienna (AT)	35,000	EUR	100.0%	OT
Antoninska 2 s.r.o., Prague (CZ)	50,000	CZK	100.0%	OT
Apate Property, s.r.o., Prague (CZ)	50,000	CZK	100.0%	OT
Appolon Property, s.r.o., Prague (CZ)	200,000	CZK	100.0%	OT
Ares property, s.r.o., Prague (CZ)	50,000	CZK	100.0%	OT
Argos Property, s.r.o., Prague (CZ)	50,000	CZK	100.0%	OT
Aspius Immobilien Holding International GmbH, Vienna (AT)	35,000	EUR	100.0%	OT
Astra Property, s.r.o., Prague (CZ)	50,000	CZK	100.0%	OT
Ate Property, s.r.o., Prague (CZ)	50,000	CZK	100.0%	OT
AURIGA Raiffeisen-Immobilien-Leasing Gesellschaft m.b.H., Vienna (AT)	36,400	EUR	100.0%	FI
Austria Leasing GmbH & Co. KG Immobilienverwaltung CURA, Eschborn (DE)	10,000	EUR	100.0%	FI
Austria Leasing GmbH & Co. KG Immobilienverwaltung Projekt Eberdingen, Eschborn (DE)	10,000	EUR	100.0%	FI
Austria Leasing Immobilienverwaltungsgesellschaft mbH, Eschborn (DE)	25,000	EUR	100.0%	OT
Belos Property, s.r.o., Prague (CZ)	50,000	CZK	100.0%	OT
Beroe Property, s.r.o., Prague (CZ)	50,000	CZK	100.0%	OT
Boreas Property, s.r.o., Prague (CZ)	50,000	CZK	100.0%	OT
BRL Raiffeisen-Immobilien-Leasing Gesellschaft m.b.H., Vienna (AT)	73,000	EUR	100.0%	OT
Bukovina Residential SRL, Timisoara (RO)	1,901,600	RON	100.0%	OT
Bulevard Centar BBC Holding d.o.o., Belgrade (RS)	127,416	RSD	100.0%	BR
CARNUNTUM Immobilienleasing GmbH, Eschborn (DE)	25,000	EUR	100.0%	OT
Centrotrade Holding GmbH, Vienna (AT)	200,000	EUR	100.0%	OT
Chronos Property, s.r.o., Prague (CZ)	200,000	CZK	100.0%	OT
CP Linzerstraße 221-227 Projektentwicklungs GmbH, Vienna (AT)	37,000	EUR	100.0%	OT
CP Logistikcenter Errichtungs- und Verwaltungs GmbH, Vienna (AT)	37,000	EUR	100.0%	OT
CP Projekte Muthgasse Entwicklungs GmbH, Vienna (AT)	40,000	EUR	100.0%	OT

1 Company type: BA Bank, BR Company rendering banking-related ancillary services, FH Financial holding, FI Financial institution, OT Other companies, VV Insurance, SC Securities firms

Company, domicile (country)	Subscribed capital in local currency		Share	Type[1]
Cranto Property, s.r.o., Prague (CZ)	50,000	CZK	100.0%	OT
Credibilis a.s., Prague (CZ)	2,000,000	CZK	100.0%	OT
CRISTAL PALACE Property s.r.o., Prague (CZ)	400,000	CZK	100.0%	OT
CURO Raiffeisen-Immobilien-Leasing Gesellschaft m.b.H., Vienna (AT)	36,400	EUR	100.0%	FI
Dafne Property, s.r.o., Prague (CZ)	50,000	CZK	100.0%	OT
DAV-ESTATE Kft., Budapest (HU)	3,010,000	HUF	100.0%	OT
DAV-PROPERTY Kft., Budapest (HU)	3,020,000	HUF	100.0%	OT
Demeter Property, s.r.o., Prague (CZ)	50,000	CZK	100.0%	OT
Dero Property, s.r.o., Prague (CZ)	50,000	CZK	100.0%	OT
Dike Property, s.r.o., Prague (CZ)	200,000	CZK	100.0%	OT
Dobré Bývanie s.r.o., Bratislava (SK)	6,639	EUR	100.0%	OT
Dolni namesti 34, s.r.o., Prague (CZ)	10,000	CZK	100.0%	OT
Dom-office 2000, Minsk (BY)	283,478	BYN	100.0%	OT
Doplnková dôchodková spoločnosť Tatra banky, a.s., Bratislava (SK)	1,659,700	EUR	100.0%	FI
DORISCUS ENTERPRISES LTD., Limassol (CY)	19,843,400	EUR	86.6%	OT
Eos Property, s.r.o., Prague (CZ)	50,000	CZK	100.0%	OT
EPPA Raiffeisen-Immobilien-Leasing GmbH, Vienna (AT)	35,000	EUR	1.0%	FI
Essox d.o.o., Belgrade (RS)	100	RSD	100.0%	OT
Eunomia Property, s.r.o., Prague (CZ)	50,000	CZK	100.0%	OT
Eurolease RE Leasing, s. r. o., Bratislava (SK)	6,125,256	EUR	100.0%	OT
Exit 90 SPV s.r.o., Prague (CZ)	200,000	CZK	100.0%	OT
Expo Forest 1 EOOD, Sofia (BG)	5,000	BGN	100.0%	OT
Expo Forest 2 EOOD, Sofia (BG)	5,000	BGN	100.0%	OT
Expo Forest 3 EOOD, Sofia (BG)	5,000	BGN	100.0%	OT
Expo Forest 4 EOOD, Sofia (BG)	5,000	BGN	100.0%	OT
Extra Year Investments Limited, Tortola (VG)	50,000	USD	100.0%	FI
FARIO Handels- und Beteiligungsgesellschaft m.b.H., Vienna (AT)	40,000	EUR	100.0%	OT
Fidurock Residential a.s., Prague (CZ)	2,000,000	CZK	100.0%	OT
First Leasing Service Center GmbH, Vienna (AT)	35,000	EUR	100.0%	OT
Fobos Property, s.r.o., Prague (CZ)	50,000	CZK	100.0%	OT
Foibe Property, s.r.o., Prague (CZ)	50,000	CZK	100.0%	OT
Folos Property, s.r.o., Prague (CZ)	50,000	CZK	100.0%	OT
FVE Cihelna s.r.o., Prague (CZ)	200,000	CZK	100.0%	OT
Gaia Property, s.r.o., Prague (CZ)	200,000	CZK	100.0%	OT
GEONE Holesovice Two s.r.o., Prague (CZ)	1,000	CZK	100.0%	OT
Golden Rainbow International Limited, Tortola (VG)	1	SGD	100.0%	FI
Grainulos s.r.o., Prague (CZ)	1	CZK	100.0%	OT
GRENA REAL s.r.o., Prague (CZ)	89,715	CZK	100.0%	OT
GS55 Sazovice s.r.o., Prague (CZ)	15,558,000	CZK	90.0%	OT
Harmonia Property, s.r.o., Prague (CZ)	50,000	CZK	100.0%	OT
Hebe Property, s.r.o., Prague (CZ)	200,000	CZK	95.0%	OT
Hefaistos Property, s.r.o., Prague (CZ)	50,000	CZK	100.0%	OT
Hestia Property, s.r.o., Prague (CZ)	50,000	CZK	100.0%	OT
Holeckova Property s.r.o., Prague (CZ)	210,000	CZK	100.0%	OT
Humanitarian Fund "Budimir Bosko Kostic", Belgrade (RS)	30,000	RSD	100.0%	OT
Hypnos Property, s.r.o., Prague (CZ)	50,000	CZK	100.0%	OT
IDUS Handels- und Beteiligungs GmbH, Vienna (AT)	40,000	EUR	100.0%	OT
IGNIS Raiffeisen-Immobilien-Leasing Gesellschaft m.b.H., Vienna (AT)	36,400	EUR	100.0%	FI
Immoservice Polska Sp.z.o.o., Warsaw (PL)	50,000	PLN	100.0%	OT
INFRA MI 1 Immobilien Gesellschaft mbH, Vienna (AT)	72,673	EUR	100.0%	OT

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Company, domicile (country)	Subscribed capital in local currency		Share	Type[1]
Infrastruktur Heilbad Sauerbrunn GmbH, Vienna (AT)	35,000	EUR	100.0%	FI
INPROX Split d.o.o., Zagreb (HR)	100,000	HRK	100.0%	OT
Inprox Zagreb Sesvete d.o.o., Zagreb (HR)	10,236,400	HRK	100.0%	OT
Insurance Limited Liability Company "Priorlife", Minsk (BY)	7,682,300	BYN	100.0%	VV
ISIS Raiffeisen Immobilien Leasing GmbH, Vienna (AT)	36,400	EUR	100.0%	FI
Janus Property, s.r.o., Prague (CZ)	50,000	CZK	100.0%	OT
JFD Real s.r.o., Prague (CZ)	50,000	CZK	100.0%	OT
Kaliope Property, s.r.o., Prague (CZ)	50,000	CZK	100.0%	OT
Kalypso Property, s.r.o., Prague (CZ)	200,000	CZK	100.0%	OT
Kappa Estates s.r.o., Prague (CZ)	200,000	CZK	100.0%	OT
KARAT s.r.o., Prague (CZ)	100,000	CZK	100.0%	OT
Kathrein & Co Life Settlement Gesellschaft m.b.H., Vienna (AT)	35,000	EUR	100.0%	OT
Kathrein & Co. Trust Holding GmbH, Vienna (AT)	35,000	EUR	100.0%	OT
Kathrein Capital Management GmbH, Vienna (AT)	1,000,000	EUR	100.0%	FI
Kathrein Private Equity GmbH, Vienna (AT)	190,000	EUR	100.0%	OT
Keto Property, s.r.o., Prague (CZ)	50,000	CZK	100.0%	OT
Kleio Property, s.r.o., Prague (CZ)	50,000	CZK	100.0%	OT
Körlog Logistika Építö és Kivitelezö Korlátolt Feleösségü Társaság, Budapest (HU)	11,077	EUR	100.0%	OT
KOTTO Raiffeisen-Immobilien-Leasing GmbH, Vienna (AT)	35,000	EUR	100.0%	OT
LENTIA Immobilienleasing GmbH, Eschborn (DE)	25,000	EUR	100.0%	OT
Leto Property, s.r.o., Prague (CZ)	200,000	CZK	77.0%	OT
LIBRA Raiffeisen-Immobilien-Leasing Gesellschaft m.b.H., Vienna (AT)	36,400	EUR	100.0%	FI
Ligea Property, s.r.o., Prague (CZ)	50,000	CZK	100.0%	OT
Limited Liability Company European Insurance Agency, Moscow (RU)	120,000	RUB	100.0%	OT
Limited Liability Company FAIRO, Kiev (UA)	7,571,475	UAH	100.0%	BR
Limited Liability Company REC GAMMA, Kiev (UA)	49,015,000	UAH	100.0%	BR
LOTA Handels- und Beteiligungs-GmbH, Vienna (AT)	35,000	EUR	100.0%	OT
Lucius Property, s.r.o., Prague (CZ)	200,000	CZK	100.0%	FI
Luna Property, s.r.o., Prague (CZ)	200,000	CZK	100.0%	OT
MAMONT GmbH, Kiev (UA)	66,872,100	UAH	100.0%	OT
Medea Property, s.r.o., Prague (CZ)	50,000	CZK	100.0%	OT
MELIKERTES Raiffeisen-Mobilien-Leasing GmbH, Vienna (AT)	35,000	EUR	100.0%	OT
Melpomene Property, s.r.o., Prague (CZ)	50,000	CZK	100.0%	OT
MOBIX Raiffeisen-Mobilien-Leasing AG, Vienna (AT)	125,000	EUR	100.0%	OT
Morfeus Property, s.r.o., Prague (CZ)	50,000	CZK	100.0%	OT
MORHUA Handels- und Beteiligungs GmbH, Vienna (AT)	36,336	EUR	100.0%	OT
Nereus Property, s.r.o., Prague (CZ)	50,000	CZK	100.0%	OT
Nußdorf Immobilienverwaltung GmbH, Vienna (AT)	36,336	EUR	100.0%	OT
Nyx Property, s.r.o., Prague (CZ)	50,000	CZK	100.0%	OT
ÖAMTC-Leasing GmbH in Liqu., Vienna (AT)	36,400	EUR	100.0%	OT
OBI Eger Ingatlankezelö Korlatolt Felelössegü Tarsasag, Budapest (HU)	3,000,000	HUF	74.9%	FI
OBI Miskolc Ingatlankezelö Korlatolt Felelössegü Tarsasag, Budapest (HU)	3,000,000	HUF	74.9%	FI
OBI Veszprem Ingatlankezelö Korlatolt Felelössegü Tarsasag, Budapest (HU)	3,000,000	HUF	74.9%	FI
Objekt Linser Areal Immobilienerrichtungs GmbH, Vienna (AT)	35,000	EUR	100.0%	OT
Ofion Property, s.r.o., Prague (CZ)	50,000	CZK	100.0%	OT
Onyx Energy Projekt II s.r.o., Prague (CZ)	210,000	CZK	100.0%	OT
Onyx Energy s.r.o., Prague (CZ)	200,000	CZK	100.0%	OT
OOO "Extrusionnyie Tekhnologii", Mogilev (BY)	9,080,219	BYN	88.6%	OT
OOO "Vneshleasing", Moscow (RU)	131,770	RUB	100.0%	FI
OOO Estate Management, Minsk (BY)	15,963,046	BYN	100.0%	OT

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Company, domicile (country)	Subscribed capital in local currency		Share	Type[1]
OOO SB "Studia Strahovania", Minsk (BY)	34,924	BYN	100.0%	OT
Orchideus Property, s.r.o., Prague (CZ)	200,000	CZK	100.0%	OT
Orestes Immobilienleasing GmbH, Eschborn (DE)	25,000	EUR	100.0%	OT
OSTARRICHI Immobilienleasing GmbH, Eschborn (DE)	25,000	EUR	100.0%	OT
Ötödik Vagyonkezelő Kft., Budapest (HU)	9,510,000	HUF	100.0%	OT
Palace Holding s.r.o., Prague (CZ)	2,700,000	CZK	90.0%	OT
PARO Raiffeisen Immobilien Leasing Gesellschaft m.b.H., Vienna (AT)	36,400	EUR	100.0%	FI
Photon Energie s.r.o., Prague (CZ)	200,000	CZK	100.0%	OT
Photon SPV 10 s.r.o., Prague (CZ)	200,000	CZK	100.0%	OT
Photon SPV 3 s.r.o., Prague (CZ)	200,000	CZK	100.0%	OT
Photon SPV 4 s.r.o., Prague (CZ)	200,000	CZK	100.0%	OT
Photon SPV 6 s.r.o., Prague (CZ)	200,000	CZK	100.0%	OT
Photon SPV 8 s.r.o., Prague (CZ)	200,000	CZK	100.0%	OT
PLUSFINANCE LAND S.R.L., Bucharest (RO)	1,000	RON	100.0%	BR
Plutos Property, s.r.o., Prague (CZ)	50,000	CZK	100.0%	OT
Pontos Property, s.r.o., Prague (CZ)	200,000	CZK	100.0%	OT
Priamos Immobilienleasing GmbH, Eschborn (DE)	25,000	EUR	100.0%	FI
Pro Invest da Vinci e.o.o.d., Sofia (BG)	5,000	BGN	100.0%	OT
Production unitary enterprise "PriortransAgro", Minsk (BY)	50,000	BYN	100.0%	OT
PROKNE Raiffeisen-Immobilien-Leasing GmbH, Vienna (AT)	35,000	EUR	100.0%	OT
Propria Raiffeisen-Immobilien-Leasing GmbH, Vienna (AT)	35,000	EUR	90.0%	FI
Queens Garden Sp z.o.o., Warsaw (PL)	100,000	PLN	100.0%	OT
R MORMO IMMOBILIEN LINIE S.R.L., Bucharest (RO)	50,000	RON	100.0%	OT
R.B.T. Beteiligungsgesellschaft m.b.H, Vienna (AT)	36,336	EUR	100.0%	OT
R.L.H. Holding GmbH, Vienna (AT)	35,000	EUR	100.0%	FI
Radwinter sp.z o.o., Warsaw (PL)	20,000	PLN	100.0%	OT
Raiffeisen Asset Management (Bulgaria) EAD, Sofia (BG)	250,000	BGN	100.0%	FI
Raiffeisen Assistance D.O.O., Beograd, Belgrade (RS)	4,307,115	RSD	100.0%	OT
Raiffeisen Assistance doo Sarajevo, Sarajevo (BA)	4,000	BAM	100.0%	OT
Raiffeisen Autó Lízing Kft., Budapest (HU)	3,000,000	HUF	100.0%	OT
Raiffeisen Befektetési Alapkezelõ Zrt., Budapest (HU)	100,000,000	HUF	100.0%	FI
Raiffeisen Biztosításközvetítö Kft., Budapest (HU)	5,000,000	HUF	100.0%	VV
Raiffeisen Bonus Ltd., Zagreb (HR)	200,000	HRK	100.0%	BR
Raiffeisen Burgenland Leasing GmbH, Vienna (AT)	38,000	EUR	100.0%	FI
Raiffeisen Capital a.d. Banja Luka, Banja Luka (BA)	355,000	BAM	100.0%	FI
Raiffeisen Continuum GmbH, Vienna (AT)	100,000	EUR	100.0%	FI
Raiffeisen Continuum GmbH & Co KG, Vienna (AT)	65,000	EUR	76.9%	FI
Raiffeisen Continuum Management GmbH, Vienna (AT)	100,000	EUR	100.0%	FI
Raiffeisen Direct Investments CZ, s.r.o., Prague (CZ)	50,000	CZK	100.0%	OT
Raiffeisen Energiaszolgáltató Kft., Budapest (HU)	3,000,000	HUF	100.0%	OT
Raiffeisen Future AD Beograd drustvo za upravljanje dobrovoljnim penzijskim fondom, Belgrade (RS)	143,200,000	RSD	100.0%	FI
Raiffeisen Immobilien Kapitalanlage-Gesellschaft m.b.H., Vienna (AT)	5,000,000	EUR	100.0%	FI
Raiffeisen Ingatlan Üzemeltető Kft., Budapest (HU)	3,000,000	HUF	100.0%	OT
Raiffeisen Insurance and Reinsurance Broker S.R.L, Bucharest (RO)	180,000	RON	100.0%	BR
RAIFFEISEN INSURANCE BROKER EOOD, Sofia (BG)	5,000	BGN	100.0%	BR
Raiffeisen Insurance Broker Kosovo L.L.C., Pristina (KO)	10,000	EUR	100.0%	BR
RAIFFEISEN INVEST AD DRUSTVO ZA UPRAVLJANJE INVESTICIONIM FONDOVIMA BEOGRAD, Belgrade (RS)	47,660,000	RSD	100.0%	FI
Raiffeisen Invest d.o.o., Zagreb (HR)	8,000,000	HRK	100.0%	FI
Raiffeisen Invest Drustvo za upravljanje fondovima d.d. Sarajevo, Sarajevo (BA)	671,160	BAM	100.0%	FI
Raiffeisen INVEST Sh.a., Tirana (AL)	90,000,000	ALL	100.0%	FI

1 Company type: BA Bank, BR Company rendering banking-related ancillary services, FH Financial holding, FI Financial institution, OT Other companies, VV Insurance, SC Securities firms

Company, domicile (country)	Subscribed capital in local currency		Share	Type[1]
Raiffeisen investicni spolecnost a.s., Prague (CZ)	40,000,000	CZK	100.0%	FI
Raiffeisen Investment Advisory GmbH, Vienna (AT)	730,000	EUR	100.0%	FI
Raiffeisen Investment Financial Advisory Services Ltd. Co., Istanbul (TR)	2,930,000	TRY	100.0%	FI
Raiffeisen KitzAlps GmbH, Vienna (AT)	35,000	EUR	100.0%	OT
Raiffeisen Property Estate s.r.o., Bratislava (SK)	5,000	EUR	100.0%	OT
Raiffeisen Property Management Bulgaria EOOD, Sofia (BG)	80,000	BGN	100.0%	OT
Raiffeisen Salzburg Invest GmbH, Salzburg (AT)	500,000	EUR	100.0%	FI
RAIFFEISEN SERVICE EOOD, Sofia (BG)	4,220,000	BGL	100.0%	OT
Raiffeisen Windpark Zistersdorf GmbH, Vienna (AT)	37,000	EUR	100.0%	OT
Raiffeisen WohnBau Zwei GmbH, Vienna (AT)	35,000	EUR	100.0%	FI
Raiffeisen Wohnbauleasing Gesellschaft m.b.H., Vienna (AT)	36,400	EUR	100.0%	FI
Raiffeisen-Leasing Immobilienverwaltung Gesellschaft m.b.H., Vienna (AT)	36,400	EUR	100.0%	FI
Raiffeisen-Leasing Wärmeversorgungsanlagenbetriebs GmbH, Vienna (AT)	35,000	EUR	100.0%	OT
Raiffeisen-Wohnbauleasing Österreich GmbH, Vienna (AT)	35,000	EUR	100.0%	FI
RAN elf Raiffeisen-Anlagenvermietung Gesellschaft m.b.H., Vienna (AT)	36,336	EUR	100.0%	FI
RB International Finance (Hong Kong) Ltd., Hong Kong (HK)	10,000,000	HKD	100.0%	OT
RB International Investment Asia Limited, Labuan (MY)	1	USD	100.0%	OT
RB Szolgáltató Központ Kft. - RBSC Kft., Nyíregyháza (HU)	3,000,000	HUF	100.0%	OT
RBI Real Estate Services Czechia s.r.o., Prague (CZ)	100,000	CZK	100.0%	FI
RBI Real Estate Services Polska SP.z.o.o., Warsaw (PL)	400,000	PLN	100.0%	FI
RBI Vajnoria spol.s.r.o., Bratislava (SK)	5,000	EUR	100.0%	FI
RBM Wohnbau Ges.m.b.H., Vienna (AT)	37,000	EUR	100.0%	OT
RCR Ukraine LLC, Kiev (UA)	282,699	UAH	100.0%	BR
RDI Czech 1 s.r.o., Prague (CZ)	200,000	CZK	100.0%	OT
RDI Czech 3 s.r.o, Prague (CZ)	200,000	CZK	100.0%	OT
RDI Czech 4 s.r.o, Prague (CZ)	2,500,000	CZK	100.0%	OT
RDI Czech 5 s.r.o, Prague (CZ)	200,000	CZK	100.0%	OT
RDI Czech 6 s.r.o, Prague (CZ)	3,700,000	CZK	100.0%	OT
RDI Management s.r.o., Prague (CZ)	200,000	CZK	100.0%	OT
Real Estate Rent 4 DOO, Belgrade (RS)	40,310	RSD	100.0%	OT
REF HP 1 s.r.o., Prague (CZ)	200,000	CZK	100.0%	OT
Rent CC, s.r.o. v likvidácii, Bratislava (SK)	6,639	EUR	100.0%	FI
Rent GRJ, s.r.o., Bratislava (SK)	6,639	EUR	100.0%	OT
Rent PO, s.r.o., Bratislava (SK)	6,639	EUR	100.0%	FI
Residence Park Trebes, s.r.o., Prague (CZ)	20,000,000	CZK	100.0%	OT
Rheia Property, s.r.o., Prague (CZ)	200,000	CZK	95.0%	OT
RIL XIII Raiffeisen-Immobilien-Leasing Gesellschaft m.b.H., Vienna (AT)	36,400	EUR	100.0%	FI
R-Insurance Services sp. z o.o., Ruda O.S. (PL)	5,000	PLN	100.0%	OT
RIRBRO ESTATE MANAGEMENT S.R.L., Bucharest (RO)	1,000	RON	100.0%	BR
RL Jankomir d.o.o., Zagreb (HR)	20,000	HRK	100.0%	OT
RL Leasing Gesellschaft m.b.H., Eschborn (DE)	25,565	EUR	100.0%	FI
RL-ATTIS Holding GmbH, Vienna (AT)	35,000	EUR	100.0%	OT
RL-Attis Sp.z.o.o., Warsaw (PL)	50,000	PLN	100.0%	OT
RL-BETA Holding GmbH, Vienna (AT)	35,000	EUR	100.0%	OT
RL-Delta Holding GmbH, Vienna (AT)	35,000	EUR	100.0%	OT
RL-Epsilon Holding GmbH, Vienna (AT)	35,000	EUR	100.0%	FI
RL-Epsilon Sp.z.o.o., Warsaw (PL)	50,000	PLN	100.0%	FI
RL-ETA d.o.o., Zagreb (HR)	20,000	HRK	100.0%	OT
RL-ETA Holding GmbH, Vienna (AT)	35,000	EUR	100.0%	OT
RL-FONTUS Holding GmbH, Vienna (AT)	35,000	EUR	100.0%	OT

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Company, domicile (country)	Subscribed capital in local currency		Share	Type[1]
RL-Fontus Sp.z.o.o., Warsaw (PL)	50,000	PLN	100.0%	OT
RL-Gamma Holding GmbH, Vienna (AT)	35,000	EUR	100.0%	FI
RL-Jota Holding GmbH, Vienna (AT)	35,000	EUR	100.0%	FI
RL-Lamda s.r.o., Bratislava (SK)	6,639	EUR	100.0%	FI
RL-Opis Holding GmbH, Vienna (AT)	35,000	EUR	100.0%	OT
RL-OPIS SPOLKA Z OGRANICZONA ODPOWIEDZIALNOSCIA, Warsaw (PL)	50,000	PLN	100.0%	OT
RL-Prom-Wald Sp. Z.o.o, Warsaw (PL)	50,000	PLN	100.0%	OT
RLRE Beta Property, s.r.o., Prague (CZ)	200,000	CZK	100.0%	OT
RLRE Carina Property, s.r.o., Prague (CZ)	200,000	CZK	100.0%	OT
RLRE Eta Property, s.r.o., Prague (CZ)	200,000	CZK	100.0%	OT
RLRE Ypsilon Property, s.r.o., Prague (CZ)	200,000	CZK	100.0%	OT
Robert Károly Körút Irodaház Kft., Budapest (HU)	3,000,000	HUF	100.0%	OT
Rogofield Property Limited, Nicosia (CY)	2,174	USD	100.0%	OT
RPM Budapest KFT, Budapest (HU)	3,000,000	HUF	100.0%	OT
S.C. PLUSFINANCE ESTATE 1 S.R.L., Bucharest (RO)	13,743,340	RON	100.0%	BR
SASSK Ltd., Kiev (UA)	152,322,000	UAH	88.7%	OT
SCT Kárász utca Ingatlankezelő Kft., Budapest (HU)	3,000,000	HUF	100.0%	OT
SCTE Elsö Ingatlanfejlesztö és Ingatlanhasznosító Kft., Budapest (HU)	3,000,000	HUF	100.0%	BR
SeEnergy PT, s.r.o., Prague (CZ)	700,000	CZK	100.0%	OT
Selene Property, s.r.o., Prague (CZ)	200,000	CZK	100.0%	OT
SF Hotelerrichtungsgesellschaft m.b.H., Vienna (AT)	36,336	EUR	100.0%	FI
Sirius Property, s.r.o., Prague (CZ)	200,000	CZK	100.0%	OT
Sky Solar Distribuce s.r.o., Prague (CZ)	200,000	CZK	77.0%	OT
SOLIDA Raiffeisen-Immobilien-Leasing Gesellschaft m.b.H., Vienna (AT)	36,400	EUR	50.5%	FI
St. Marx-Immobilien Verwertungs- und Verwaltungs GmbH, Vienna (AT)	36,336	EUR	100.0%	OT
Stara 19 s.r.o., Prague (CZ)	200,000	CZK	100.0%	OT
STYRIA Immobilienleasing GmbH, Eschborn (DE)	25,000	EUR	100.0%	OT
Szentkiraly utca 18 Kft., Budapest (HU)	5,000,000	HUF	100.0%	OT
Thaumas Property, s.r.o., Prague (CZ)	50,000	CZK	100.0%	OT
Theia Property, s.r.o., Prague (CZ)	50,000	CZK	100.0%	OT
Theseus Property, s.r.o., Prague (CZ)	50,000	CZK	100.0%	OT
UPC Real, s.r.o., Prague (CZ)	200,000	CZK	100.0%	OT
Valida Consulting GmbH, Vienna (AT)	500,000	EUR	100.0%	OT
VINDOBONA Immobilienleasing GmbH, Eschborn (DE)	25,000	EUR	100.0%	OT
Vlhka 26 s.r.o., Prague (CZ)	200,000	CZK	100.0%	OT
VN-Wohn Immobilien GmbH, Vienna (AT)	35,000	EUR	74.0%	OT
Zahradnicka Property s.r.o., Bratislava (SK)	5,000	EUR	100.0%	OT
Zefyros Property, s.r.o., Prague (CZ)	200,000	CZK	100.0%	OT
ZRB 17 Errichtungs GmbH, Vienna (AT)	35,000	EUR	100.0%	OT
ZUNO GmbH, Vienna (AT)	35,000	EUR	100.0%	OT

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Other equity participations

Company, domicile (country)	Subscribed capital in local currency		Share	Type[1]
360kompany AG, Vienna (AT)	105,903	EUR	6.6%	FI
Accession Mezzanine Capital III L.P., St. Helier (JE)	134,125,000	EUR	3.7%	OT
Adoria Grundstückvermietungs Gesellschaft m.b.H., St. Pölten (AT)	36,360	EUR	24.5%	FI
Agricultural Open Joint Stock Company Illintsi Livestock Breeding Enterprise, Illinci (UA)	703,100	UAH	4.7%	OT
AIL Swiss-Austria Leasing AG, Glattbrugg (CH)	5,000,000	CHF	50.0%	FI
ALCS Association of Leasing Companies in Serbia, Belgrade (RS)	853,710	RSD	12.5%	OT
ALMC hf., Reykjavik (IS)	50,578	ISK	10.8%	OT
Analytical Credit Rating Agency (Joint Stock Company), Moscow (RU)	3,000,024,000	RUB	3.7%	OT
A-Trust Gesellschaft für Sicherheitssysteme im elektronischen Datenverkehr GmbH, Vienna (AT)	5,290,013	EUR	12.1%	OT
Austrian Reporting Services GmbH, Vienna (AT)	41,176	EUR	15.0%	BR
Aventin Grundstücksverwaltungs Gesellschaft m.b.H., St. Pölten (AT)	36,400	EUR	24.5%	FI
AVION-Grundverwertungsgesellschaft m.b.H., Vienna (AT)	36,336	EUR	49.0%	FI
Bad Sauerbrunn Thermalwasser Nutzungs- und Verwertungs GmbH., Bad Sauerbrunn (AT)	36,336	EUR	50.0%	OT
Belarussian currency and stock exchange JSC, Minsk (BY)	14,328,656	BYN	<0.1%	OT
Biroul de Credit S.A., Bucharest (RO)	4,114,615	RON	13.2%	FI
BTS Holding a.s. "v likvidácii", Bratislava (SK)	35,700	EUR	19.0%	OT
Budapest Stock Exchange, Budapest (HU)	541,348,100	HUF	<0.1%	SC
Burza cennych papierov v. Bratislave, a.s., Bratislava (SK)	11,404,927,296	EUR	<0.1%	OT
CADO Raiffeisen-Immobilien-Leasing Ges.m.b.H., Vienna (AT)	36,400	EUR	50.0%	FI
Central Depository and Clearing Company, Inc., Zagreb (HR)	94,525,000	HRK	<0.1%	FI
CIT ONE SA, Bucharest (RO)	21,270,270	RON	33.3%	BR
Commodity Exchange Crimean Interbank Currency Exchange, Simferopol (UA)	420,000	UAH	4.8%	OT
Commodity Exchange of the Agroindustrial Complex of Central Regions of Ukraine, Cherkassy (UA)	90,000	UAH	11.1%	OT
CONATUS Grundstückvermietungs Gesellschaft m.b.H., St. Pölten (AT)	36,360	EUR	24.5%	FI
CULINA Grundstückvermietungs Gesellschaft m.b.H., St. Pölten (AT)	36,360	EUR	25.0%	FI
D. Trust Certifikacná Autorita, a.s., Bratislava (SK)	331,939	EUR	10.0%	OT
Die Niederösterreichische Leasing Gesellschaft m.b.H., Vienna (AT)	36,400	EUR	35.0%	OT
Die Niederösterreichische Leasing GmbH & Co KG, Vienna (AT)	72,673	EUR	40.0%	FI
DZ BANK AG Deutsche Zentral-Genossenschaftsbank, Frankfurt am Main (DE)	3,646,266,910	EUR	0.1%	BA
Einlagensicherung AUSTRIA Ges.m.b.H., Vienna (AT)	515,000	EUR	1.7%	FI
Einlagensicherung der Banken und Bankiers Gesellschaft m.b.H. in Liqu., Vienna (AT)	70,000	EUR	0.1%	BR
EMERGING EUROPE GROWTH FUND II, L.P., Delaware (US)	370,000,000	USD	1.9%	OT
Epsilon - Grundverwertungsgesellschaft m.b.H., Vienna (AT)	36,336	EUR	24.0%	FI
ESP BH doo društvo sa ograničenom odgovornošću za informacijske i druge usluge, Sarajevo (BA)	8,500,000	BAM	45.0%	OT
ESQUILIN Grundstücksverwaltungs Gesellschaft m.b.H., St. Pölten (AT)	36,336	EUR	24.5%	FI
Euro Banking Association (ABE Clearing S.A.S.), Paris (FR)	51,000	EUR	2.0%	FI
European Investment Fund S.A., Luxembourg (LU)	4,500,000,000	EUR	0.2%	FI
Export and Industry Bank Inc., Makati City (PH)	4,734,452,540	PHP	9.5%	BA
FACILITAS Grundstücksvermietungs Gesellschaft m.b.H., St. Pölten (AT)	36,360	EUR	50.0%	FI
Fintech Growth Fund Europe GmbH & Co KG, Vienna (AT)	352,500	EUR	42.6%	FI
Fondul de Garantare a Creditului Rural S.A., Bucharest (RO)	15,940,890	RON	33.3%	FI
FORIS Grundstückvermietungs Gesellschaft m.b.H., St. Pölten (AT)	36,360	EUR	24.5%	FI
G + R Leasing Gesellschaft m.b.H., Graz (AT)	36,400	EUR	25.0%	OT
G + R Leasing Gesellschaft m.b.H. & Co. KG., Graz (AT)	72,673	EUR	50.0%	FI
Garantiqa Hitelgarancia ZRt., Budapest (HU)	7,839,600,000	HUF	0.2%	BR
Greenix Limited, Tortola (VG)	100,000	USD	25.0%	OT
HOBEX AG, Salzburg (AT)	1,000,000	EUR	8.5%	FI
Hrvatski registar obveza po kreditima d.o.o., Zagreb (HR)	13,500,000	HRK	10.5%	BR
INVESTOR COMPENSATION FUND, Bucharest (RO)	344,350	RON	0.4%	OT
Joint Stock Company Stock Exchange PFTS, Kiev (UA)	32,010,000	UAH	0.2%	OT

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Company, domicile (country)	Subscribed capital in local currency		Share	Type[1]
K & D Progetto s.r.l., Bozen (IT)	50,000	EUR	25.0%	FI
Kommunal-Infrastruktur & Immobilien Zeltweg GmbH, Zeltweg (AT)	35,000	EUR	20.0%	OT
LITUS Grundstückvermietungs Gesellschaft m.b.H., St. Pölten (AT)	36,360	EUR	24.5%	FI
LLC "Insurance Company 'Raiffeisen Life", Moscow (RU)	450,000,000	RUB	25.0%	VV
Lorit Kommunalgebäudeleasing Gesellschaft m.b.H., Vienna (AT)	42,000	EUR	8.3%	FI
MASTERINVEST Kapitalanlage GmbH, Vienna (AT)	2,500,000	EUR	37.5%	FI
Medicur - Holding Gesellschaft m.b.H., Vienna (AT)	4,360,500	EUR	25.0%	OT
MIRA Raiffeisen-Immobilien-Leasing Gesellschaft m.b.H., Vienna (AT)	36,400	EUR	50.0%	FI
N.Ö. Kommunalgebäudeleasing Gesellschaft m.b.H., Vienna (AT)	37,400	EUR	33.3%	FI
National Settlement Depositary, Moscow (RU)	1,180,675,000	RUB	<0.1%	FI
NÖ Raiffeisen Kommunalprojekte Service Gesellschaft m.b.H., Vienna (AT)	50,000	EUR	26.0%	FI
NÖ Raiffeisen-Leasing Gemeindeprojekte Gesellschaft m.b.H., Vienna (AT)	36,400	EUR	1.0%	FI
NÖ. HYPO Leasing und Raiffeisen-Immobilien-Leasing Traisenhaus GesmbH & Co OG, St. Pölten (AT)	24,868,540	ATS	50.0%	FI
NÖ-KL Kommunalgebäudeleasing Gesellschaft m.b.H., Vienna (AT)	37,400	EUR	33.3%	FI
O.Ö. Leasing für öffentliche Bauten Gesellschaft m.b.H., Linz (AT)	510,000	ATS	16.7%	FI
Oberpinzg. Fremdenverkehrförderungs- und Bergbahnen AG, Neukirchen am Großvenediger (AT)	3,297,530	EUR	<0.1%	OT
OJSC NBFI Single Settlement and Information Space, Minsk (BY)	474,917,123,425	BYN	4.2%	FI
Open Joint Stock Company Kyiv Special Project and Design Bureau Menas, Kiev (UA)	3,383,218	UAH	4.7%	OT
Österreichische Wertpapierdaten Service GmbH, Vienna (AT)	100,000	EUR	25.3%	BR
OT-Optima Telekom d.d., Zagreb (HR)	694,432,640	HRK	2.4%	OT
OVIS Raiffeisen-Immobilien-Leasing Gesellschaft m.b.H., Vienna (AT)	36,400	EUR	1.0%	FI
Pannon Lúd Kft, Mezokovácsháza (HU)	852,750,000	HUF	0.6%	OT
PEGA Raiffeisen-Immobilien Leasing Gesellschaft m.b.H., Vienna (AT)	36,400	EUR	50.0%	FI
Pisano Limited, London (GB)	48,545	GBP	15.5%	OT
Private Joint Stock Company Bird Farm Bershadskyi, Viytivka (UA)	6,691,141	UAH	0.5%	OT
Private Joint Stock Company First All-Ukrainian Credit Bureau, Kiev (UA)	11,750,000	UAH	5.1%	OT
Private Joint Stock Company Sumy Enterprise Agrotechservice, Sumy (UA)	1,545,000	UAH	0.6%	OT
Private Joint Stock Company Ukrainian Interbank Currency Exchange, Kiev (UA)	36,000,000	UAH	3.1%	OT
PSA Payment Services Austria GmbH, Vienna (AT)	285,000	EUR	11.2%	FI
Public Joint Stock Company National Depositary of Ukraine, Kiev (UA)	103,200,000	UAH	0.1%	FI
Public Joint Stock Company Settlement Center for Servicing of Contracts in Financial Markets, Kiev (UA)	206,700,000	UAH	<0.1%	OT
QUIRINAL Grundstücksverwaltungs Gesellschaft m.b.H., Vienna (AT)	37,063	EUR	33.3%	FI
Raiffeisen Digital GmbH, Vienna (AT)	75,000	EUR	1.2%	BR
Raiffeisen e-force GmbH, Vienna (AT)	145,346	EUR	28.2%	BR
Raiffeisen Informatik Geschäftsführungs GmbH, Vienna (AT)	70,000	EUR	47.6%	OT
Raiffeisen Kooperations eGen, Vienna (AT)	9,000,000	EUR	11.1%	OT
Raiffeisen Salzburg Leasing GmbH, Salzburg (AT)	35,000	EUR	19.0%	FI
Raiffeisen Software GmbH, Linz (AT)	150,000	EUR	1.2%	BR
Raiffeisen-IMPULS-Immobilienleasing GmbH, Linz (AT)	500,000	ATS	25.0%	FI
Raiffeisen-IMPULS-Liegenschaftsverwaltung Gesellschaft m.b.H., Linz (AT)	500,000	ATS	25.0%	FI
Raiffeisen-Impuls-Zeta Immobilien GmbH, Linz (AT)	58,333	EUR	40.0%	FI
Raiffeisen-Leasing Anlagen und KFZ Vermietungs GmbH, Vienna (AT)	35,000	EUR	53.1%	FI
Raiffeisen-Leasing BOT s.r.o., Prague (CZ)	100,000	CZK	20.0%	OT
Raiffeisen-Leasing Mobilien und KFZ GmbH, Vienna (AT)	35,000	EUR	15.0%	FI
RC Gazdasági és Adótanácsadó Zrt., Budapest (HU)	20,000,000	HUF	22.2%	OT
Registry of Securities in FBH, Sarajevo (BA)	2,052,300	BAM	1.4%	FI
Rehazentrum Kitzbühel Immobilien-Leasing GmbH, Innsbruck (AT)	35,000	EUR	19.0%	FI
REMUS Raiffeisen-Immobilien-Leasing Gesellschaft m.b.H., Vienna (AT)	36,400	EUR	50.0%	FI
RLKG Raiffeisen-Leasing GmbH, Vienna (AT)	40,000	EUR	12.5%	FI
RSAL Raiffeisen Steiermark Anlagenleasing GmbH, Graz (AT)	38,000	EUR	19.0%	FI

1 Company type: BA Bank, BR Company rendering banking-related ancillary services, FH Financial holding, FI Financial institution, OT Other companies, VV Insurance, SC Securities firms

Company, domicile (country)	Subscribed capital in local currency		Share	Type[1]
RSC Raiffeisen Service Center GmbH, Vienna (AT)	2,000,000	EUR	50.3%	BR
RSIL Immobilienleasing Raiffeisen Steiermark GmbH, Graz (AT)	38,000	EUR	19.0%	FI
S.C. DEPOZITARUL CENTRAL S.A., Bucharest (RO)	25,291,953	RON	2.6%	OT
Sarajevska berza-burza vrijednosnih papira dd Sarajevo, Sarajevo (BA)	1,967,680	BAM	10.5%	FI
Seilbahnleasing GmbH, Innsbruck (AT)	36,000	EUR	33.3%	FI
Sektorrisiko eGen, Vienna (AT)	1,900	EUR	5.3%	FI
SELENE Raiffeisen-Immobilien-Leasing Gesellschaft m.b.H., Innsbruck (AT)	36,400	EUR	1.0%	OT
SKR Lager 102 AB, Stockholm (SE)	100,000	SEK	49.0%	OT
Slovak Banking Credit Bureau, s.r.o., Bratislava (SK)	9,958	EUR	33.3%	BR
Societatea de Transfer de Fonduri si Decontari-TRANSFOND S.A, Bucharest (RO)	6,720,000	RON	3.4%	FI
Society for Worldwide Interbank Financial Telekommunication scrl, La Hulpe (BE)	13,713,125	EUR	0.4%	FI
Speedinvest Co-Invest AC GmbH & Co KG, Vienna (AT)	365,045	EUR	80.0%	FI
SPICA Raiffeisen-Immobilien-Leasing Gesellschaft m.b.H., Vienna (AT)	36,400	EUR	50.0%	FI
SPRON ehf., Reykjavik (IS)	5,000,000	ISK	5.4%	OT
Steirische Gemeindegebäude Leasing Gesellschaft m.b.H., Vienna (AT)	36,336	EUR	50.0%	FI
Steirische Kommunalgebäudeleasing Gesellschaft m.b.H., Vienna (AT)	36,336	EUR	50.0%	FI
Steirische Leasing für Gebietskörperschaften Ges.m.b.H., Vienna (AT)	36,336	EUR	50.0%	FI
Steirische Leasing für öffentliche Bauten Gesellschaft m.b.H., Vienna (AT)	36,336	EUR	50.0%	FI
SUPRIA Raiffeisen-Immobilien-Leasing Ges.m.b.H., Vienna (AT)	36,400	EUR	50.0%	OT
SWO Kommunalgebäudeleasing Gesellschaft m.b.H., Vienna (AT)	36,336	EUR	50.0%	FI
Syrena Immobilien Holding AG, Spittal an der Drau (AT)	22,600,370	EUR	21.0%	OT
Tarfin Limited, London (GB)	13,959,142	GBP	5.3%	OT
The Zagreb Stock Exchange joint stock company, Zagreb (HR)	46,357,000	HRK	2.9%	OT
TKL II. Grundverwertungsgesellschaft m.b.H., Vienna (AT)	39,000	EUR	8.3%	FI
TKL V Grundverwertungsgesellschaft m.b.H., Innsbruck (AT)	39,000	EUR	33.3%	FI
TKL VI Grundverwertungsgesellschaft m.b.H., Innsbruck (AT)	39,000	EUR	33.3%	FI
TKL VII Grundverwertungsgesellschaft m.b.H., Innsbruck (AT)	39,000	EUR	33.3%	FI
TKL VIII Grundverwertungsgesellschaft m.b.H., Innsbruck (AT)	39,000	EUR	24.5%	FI
Tojon Beteiligungs GmbH, Vienna (AT)	70,000	EUR	25.0%	OT
Top Vorsorge-Management GmbH, Vienna (AT)	35,000	EUR	25.0%	OT
TRABITUS Grundstücksvermietungs Gesellschaft m.b.H., Vienna (AT)	36,360	EUR	25.0%	FI
UNDA Grundstücksvermietungs Gesellschaft m.b.H., St. Pölten (AT)	36,360	EUR	25.0%	FI
UNIQA Raiffeisen Software Service Kft., Budapest (HU)	19,900,000	HUF	1.0%	OT
VALET-Grundstücksverwaltungs Gesellschaft m.b.H., St. Pölten (AT)	36,360	EUR	24.5%	FI
VERMREAL Liegenschaftserwerbs- und -betriebs GmbH, Vienna (AT)	36,336	EUR	17.0%	OT
Viminal Grundstückverwaltungs Gesellschaft m.b.H. in Liqu., Vienna (AT)	36,336	EUR	25.0%	FI
Visa Inc., San Francisco (US)	192,964	USD	<0.1%	BR
Vorarlberger Kommunalgebäudeleasing Gesellschaft m.b.H., Dornbirn (AT)	42,000	EUR	33.3%	FI
W 3 Errichtungs- und Betriebs-Aktiengesellschaft, Vienna (AT)	800,000	EUR	20.0%	OT
Wiener Börse Aktiengesellschaft, Vienna (AT)	18,620,720	EUR	7.0%	OT
Zhytomyr Commodity Agroindustrial Exchange, Zhitomir (UA)	476,515	UAH	3.1%	OT
Ziloti Holding S.A., Luxembourg (LU)	48,963	EUR	0.9%	OT

1 Company type: BA Bank, BR Company rendering banking-related ancillary services, FH Financial holding, FI Financial institution, OT Other companies, VV Insurance, SC Securities firms

Regulatory information

(71) 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 December 2020, 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 addons 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 at 0.25 per cent in 2016, was raised to 0.50 per cent as of 1 January 2017, and has increased progressively to 2 per cent until 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, and included and analyzed in scenario calculations undertaken by Group Regulatory Affairs on an ongoing basis. Potential effects are considered in planning and governance, insofar as the extent and implementation are foreseeable.

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

Total capital

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

Common equity tier 1 (CET1) after deductions amounted to € 10,761,683 thousand, representing a reduction of € 100,283 thousand compared to the 2019 year-end figure. While currency effects and loan loss provisioning recognized directly in equity had a negative impact, the profit for the year increased CET1. Following the recommendation from the ECB, the Management Board proposed to the Annual General Meeting on 20 October 2020, for the entire net profit for the 2019 financial year to be carried forward. This proposal was adopted by the Annual General Meeting. However, the proposed dividend for 2020 of € 0.48 per share, as well as the dividend proposal originally announced for the 2019 financial year of € 1.00 per share are deducted from CET1. Tier 1 capital after deductions increased € 397,168 thousand to € 12,488,955 thousand. The increase was primarily attributable to an only slight reduction in CET1 and the issuance of € 500,000 thousand of additional tier 1 capital in July 2020. Tier 2 capital rose € 161,148 thousand to € 2,101,064 thousand. The increase was driven by the issuance of a tier 2 bond in June 2020, offset by regulatory amortization of outstanding issues. Total capital amounted to € 14,590,019 thousand, representing an increase of € 558,316 thousand compared to the 2019 year-end figure.

Total risk-weighted assets (RWA) increased € 897,875 thousand year-on-year to € 78,864,082 thousand. The major reasons for the increase were new loan business as well as business developments at head office, in Russia and in the Czech Republic. Organic growth and rating downgrades were offset by negative currency effects, especially from the Russian ruble, the Ukrainian hryvnia, and the Czech koruna. An increase in market risk, mainly driven by the rise in volatility caused by the COVID-19 pandemic, also led to an increase in risk-weighted assets.

This resulted in a (fully loaded) CET 1 ratio of 13.6 per cent (down 0.3 percentage points). The tier 1 ratio stood at 15.7 per cent (up 0.3 percentage points) and the total capital ratio at 18.4 per cent (up 0.6 percentage points).

in € thousand	**2020**	**2019**
Capital instruments and the related share premium accounts	5,974,080	5,974,080
Retained earnings	8,766,235	7,986,499
Accumulated other comprehensive income (and other reserves)	(3,787,573)	(2,800,886)
Minority interests (amount allowed in consolidated CET1)	421,252	498,861
Common equity tier 1 (CET1) capital before regulatory adjustments	**11,373,994**	**11,658,553**
Additional value adjustments (negative amount)	(57,800)	(55,325)
Deductions for new net provisioning	0	0
Intangible assets (net of related tax liability) (negative amount)	(584,870)	(762,042)
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)	(12,683)	(16,169)
Fair value reserves related to gains or losses on cash flow hedges	(75)	(613)
Gains or losses on liabilities valued at fair value resulting from changes in own credit standing	53,865	55,938
Exposure amount of the following items which qualify for a risk weight of 1250%, where the institution opts for the deduction alternative	(10,748)	(18,377)
hereof: securitization positions (negative amount)	(10,748)	(18,377)
Total regulatory adjustments to common equity tier 1 (CET1)	**(612,312)**	**(796,588)**
Common equity tier 1 (CET1) capital	**10,761,683**	**10,861,965**
Amount of qualifying items referred to in Article 484 (4 and the related share premium accounts subject to phase out from AT1	88,250	90,475
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	1,639,022	1,139,347
Additional tier 1 (AT1) capital	**1,727,272**	**1,229,822**
Tier 1 capital (T1 = CET1 + AT1)	**12,488,955**	**12,091,787**
Capital instruments and the related share premium accounts	1,818,098	1,679,026
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	28,586	18,965
Credit risk adjustments	254,380	241,924
Tier 2 (T2) capital	**2,101,064**	**1,939,915**
Total capital (TC = T1 + T2)	**14,590,019**	**14,031,703**
Risk-weighted assets in respect of amounts subject to pre-CRR treatment and transitional treatments subject to phase out as prescribed in Regulation (EU) No 575/2013 (i.e. CRR residual amount)	**78,864,082**	**77,966,207**
Total risk-weighted assets (RWA)	**78,864,082**	**77,966,207**

Total capital requirement and risk-weighted assets

in € thousand	2020		2019	
	Risk-weighted exposure	Capital requirement	Risk-weighted exposure	Capital requirement
Total risk-weighted assets (RWA)	**78,864,082**	**6,309,127**	**77,966,207**	**6,237,297**
Risk-weighted exposure amounts for credit, counterparty credit and dilution risks and free deliveries	**65,094,414**	**5,207,553**	**65,851,379**	**5,268,110**
Standardized approach (SA)	**22,570,144**	**1,805,612**	**25,281,464**	**2,022,517**
Exposure classes excluding securitization positions	22,570,144	1,805,612	25,281,464	2,022,517
Central governments or central banks	1,254,736	100,379	955,709	76,457
Regional governments or local authorities	103,011	8,241	100,820	8,066
Public sector entities	45,155	3,612	27,924	2,234
Institutions	274,181	21,935	226,642	18,131
Corporates	4,844,854	387,588	5,505,817	440,465
Retail	4,908,114	392,649	5,717,848	457,428
Secured by mortgages on immovable property	6,177,655	494,212	7,454,672	596,374
Exposure in default	364,010	29,121	478,632	38,291
Items associated with particular high risk	145,047	11,604	139,492	11,159
Covered bonds	10,656	852	12,840	1,027
Collective investments undertakings (CIU)	18,531	1,482	74,958	5,997
Equity	1,804,075	144,326	1,815,892	145,271
Other items	2,620,118	209,609	2,770,219	221,617
Internal ratings based approach (IRB)	**42,524,270**	**3,401,942**	**40,569,915**	**3,245,593**
IRB approaches when neither own estimates of LGD nor conversion factors are used	**34,923,336**	**2,793,867**	**33,560,593**	**2,684,847**
Central governments or central banks	1,826,622	146,130	1,816,744	145,340
Institutions	2,092,106	167,369	1,457,155	116,572
Corporates - SME	3,752,664	300,213	5,086,222	406,898
Corporates - Specialized lending	3,062,761	245,021	3,260,682	260,855
Corporates - Other	24,189,182	1,935,135	21,939,791	1,755,183
IRB approaches when own estimates of LGD and/or conversion factors are used	**6,915,531**	**553,243**	**6,546,931**	**523,755**
Retail - Secured by real estate SME	195,664	15,653	167,929	13,434
Retail - Secured by real estate non-SME	2,780,516	222,441	2,558,320	204,666
Retail - Qualifying revolving	279,779	22,382	295,743	23,659
Retail - Other SME	516,745	41,340	520,733	41,659
Retail - Other non-SME	3,142,828	251,426	3,004,207	240,337
Equity	438,604	35,088	462,390	36,991
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	246,800	19,744	0	0

in € thousand	2020		2019	
	Risk-weighted exposure	Capital requirement	Risk-weighted exposure	Capital requirement
Total risk exposure amount for settlement/delivery	**211**	**17**	**44,098**	**3,528**
Settlement/delivery risk in the non-trading book	0	0	43,706	3,497
Settlement/delivery risk in the trading book	211	17	392	31
Total risk exposure amount for position, foreign exchange and commodities risk	**5,007,054**	**400,564**	**3,393,303**	**271,464**
Risk exposure amount for position, foreign exchange and commodities risks under standardized approaches (SA)	**2,378,112**	**190,249**	**2,108,051**	**168,644**
Traded debt instruments	1,935,133	154,811	1,651,364	132,109
Equity	165,555	13,244	157,648	12,612
Particular approach for position risk in CIUs	870	70	1,280	102
Foreign exchange	268,097	21,448	289,475	23,158
Commodities	8,456	677	8,284	663
Risk exposure amount for position, foreign exchange and commodities risks under internal models (IM)	**2,628,942**	**210,315**	**1,285,252**	**102,820**
Total risk exposure amount for operational risk	**7,547,688**	**603,815**	**7,802,124**	**624,170**
OpR standardized (STA) /alternative standardized (ASA) approaches	3,439,133	275,131	3,694,092	295,527
OpR advanced measurement approaches (AMA)	4,108,555	328,684	4,108,032	328,643
Total risk exposure amount for credit valuation adjustments	**260,367**	**20,829**	**222,627**	**17,810**
Standardized method	260,367	20,829	222,627	17,810
Other risk exposure amounts	**954,347**	**76,348**	**652,676**	**52,214**
of which risk-weighted exposure amounts for credit risk: securitization positions (revised securitization framework)	954,347	76,348	652,676	52,214

Capital ratios[1]

in per cent	2020	2019
Common equity tier 1 ratio	13.6%	13.9%
Tier 1 ratio	15.7%	15.4%
Total capital ratio	18.4%	17.9%

1 Fully loaded

Leverage ratio

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

in € thousand	2020	2019
Leverage exposure	193,910,063	178,226,154
Tier 1	12,488,955	12,091,787
Leverage ratio in per cent[1]	**6.4%**	**6.7%**

1 Fully loaded

The following table provides an overview of the calculation methods that are applied to determine total capital requirements in the subsidiaries:

Unit	Credit risk Non-Retail	Credit risk Retail	Market risk	Operational risk
Raiffeisen Bank International AG, Vienna (AT)	IRB	STA	Internal model	AMA
Raiffeisenbank a.s., Prague (CZ)	IRB	IRB	STA	STA
Raiffeisen Bank Zrt., Budapest (HU)	IRB	IRB	STA	STA
Tatra banka a.s., Bratislava (SK)	IRB	IRB	STA	AMA
Raiffeisen Bank S.A., Bucharest (RO)	IRB	IRB	STA	AMA
Raiffeisen Bank d.d. Bosna i Hercegovina, Sarajevo (BA)	IRB	IRB	STA	STA
Raiffeisenbank Austria d.d., Zagreb (HR)	IRB	STA	STA	STA
Raiffeisen Banka a.d., Novi Beograd (RS)	IRB	IRB	STA	STA
Raiffeisenbank Russland d.d., Moscow (RU)	IRB	STA	STA	AMA
Raiffeisen Bank Sh.a., Tirana (AL)	IRB	IRB	STA	STA
Raiffeisenbank (Bulgaria) EAD, Sofia (BG)	IRB	IRB	STA	AMA
Raiffeisen Centrobank AG, Vienna (AT)	STA	–	STA	AMA
Kathrein Privatbank Aktiengesellschaft, Vienna (AT)	STA	STA	–	AMA
All other units	STA	STA	STA	STA

IRB: Internal ratings-based approach
Internal model for risk of open currency positions and general interest rate risk in the trading book
STA: Standardized approach
AMA: Advanced measurement approach

Recognition and measurement principles

The explanations to COVID-19 measures and their accounting effects are shown in the section accounting policies related to COVID-19.

Classification and measurement of financial assets and financial liabilities

According to IFRS 9, all financial assets, financial liabilities and derivative financial instruments are to be recognized in the statement of financial position. A financial instrument is defined as any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. On initial recognition, financial instruments are to be measured at fair value, which generally corresponds to the transaction price at the time of acquisition or issue. According to IFRS 13, the fair value is defined as the exit price. This is the price that would be received on sale of an asset or paid to transfer a liability in an orderly transaction between market participants. For subsequent measurement, financial instruments are recognized in the statement of financial position according to the respective measurement category pursuant to IFRS 9, either at (amortized) cost or at fair value.

IFRS 9 contains a classification and measurement approach for financial assets which is firstly based on the business model under which the assets are managed, and secondly on the cash flow characteristics of the assets. For RBI, this results in five classification categories for financial assets:

- Financial assets measured at amortized cost (AC)
- Financial assets measured at fair value through other comprehensive income (FVOCI)
- Financial assets mandatorily measured at fair value through profit or loss (FVTPL)
- Financial assets designated fair value through profit or loss (FVTPL) and
- Financial assets held for trading (HFT)

In RBI, a financial asset is measured at amortized cost if the objective is to hold the asset to collect the contractual cash flows and if the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. A financial asset is subsequently measured at fair value through other comprehensive income (FVOCI) if it is held within a business model whose objective is both collecting contractual cash flows and selling financial assets. In addition, the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity instrument that is not held for trading, RBI may irrevocably elect to present subsequent changes in fair value in other comprehensive income (OCI). This decision is made on an investment-by-investment basis for each investment and essentially covers strategic interests that are not fully consolidated.

All other financial assets – i.e. financial assets that do not meet the criteria for classification as subsequently measured at either amortized cost or FVOCI – are classified as subsequently measured at fair value, with changes in fair value recognized in profit or loss. In addition, RBI has the option at initial recognition to designate a financial asset as at FVTPL, if doing so eliminates or significantly reduces a measurement or recognition inconsistency – i.e. an accounting mismatch – that would otherwise arise from measuring assets or liabilities, or recognizing the gains and losses on them, on different bases.

A financial asset is classified into one of these categories on initial recognition.

The recognition of financial liabilities according to IFRS 9 is largely in accordance with the rules of IAS 39, with the exception that changes in the fair value of liabilities measured at fair value which are caused by changes in RBI's own default risk are to be booked in other comprehensive income.

In accordance with IFRS 9, embedded derivatives are not separated from the host contract of a financial asset. Instead, financial assets are classified in accordance with the business model and their contractual characteristics as explained in the chapter business model assessment and in the chapter analysis of contractual cash flow characteristics. The recognition of derivatives which are embedded in financial liabilities and in non-financial host contracts has not changed under IFRS 9.

Business model assessment

RBI makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed, and information is provided to management. The following factors are considered as evidence when assessing which business model is relevant:

- How the performance of the business model (and the financial assets held within that business model) are evaluated and reported to the entity's key management personnel
- The risks that affect the performance of the business model (and the financial assets held within that business model) and the way those risks are managed
- How managers of the business are compensated – e.g. whether the compensation is based on the fair value of the assets managed or the contractual cash flows collected
- The frequency, value and timing of sales in prior periods, the reasons for such sales, and expectations about future sales activity and
- Whether sales activity and the collection of contractual cash flows are each integral or incidental to the business model (hold-to-collect versus hold-and-sell business model).

Financial assets that are held for trading and those that are managed and whose performance is evaluated on a fair value basis will be measured at FVTPL.

A business model's objective can be to hold financial assets to collect contractual cash flows even when some sales of financial assets have occurred or are expected to occur. For RBI the following sales may be consistent with the hold-to collect business model:

- The sales are due to an increase in the credit risk of a financial asset.
- The sales are infrequent (even if significant) or are insignificant individually and in aggregate (even if frequent).
- The sales take place close to the maturity of the financial asset and the proceeds from the sales approximate the collection of the remaining contractual cash flows.

For RBI, the sale of more than 10 per cent of the portfolio (carrying amount) during a rolling three-year period will be considered more than infrequent unless these sales are immaterial as a whole.

Analysis of contractual cash flow characteristics

If RBI has decided that the business model of a specific portfolio is to hold the financial assets to collect the contractual cash flows (or to both collect contractual cash flows and sell financial assets), it must assess whether the contractual terms of the financial assets allocated to this portfolio give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. For this purpose, interest is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin. This assessment will be carried out on an instrument-by-instrument basis on the date of initial recognition of the financial asset.

In assessing whether the contractual cash flows are solely payments of principal and interest, RBI considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it no longer meets this condition. RBI considers amongst other things:

- Prepayment or extension terms
- Leverage agreements
- Claim is limited to specified assets or cash flows
- Contractually linked instruments

IFRS 9 includes regulations for prepayment features with negative compensation. Negative compensation arises where the contractual terms permit the borrower to prepay the instrument before its contractual maturity, but the prepayment amount could be less than unpaid amounts of principal and interest. However, to qualify for amortized cost measurement, the negative compensation must be a reasonable compensation for early termination of the contract.

Modification of the time value of money and the benchmark test

The time value of money is the element of interest that provides consideration for only the passage of time. It does not take into account other risks (credit, liquidity etc.) or costs (administrative etc.) associated with holding a financial asset. In some cases, the time value of money element is modified (referred to as imperfect). This would be the case, for example, if a financial asset's interest rate is periodically reset but the frequency of that reset does not match the tenor of the interest rate. In this case units must assess the modification as to whether the contractual cash flows still represent solely payments of principal and interest, i.e. the modification term does not significantly alter the cash flows from a perfect benchmark instrument. This assessment is not an accounting policy option and cannot be avoided simply by concluding that an instrument, in the absence of such an assessment, will be measured at fair value.

RBI has developed a so-called quantitative benchmark test to assess whether the cash flow condition has been met. This test determines whether the undiscounted modified contractual cash flows differ significantly from the undiscounted cash flows of a benchmark instrument. The benchmark instrument is equivalent to the tested asset in all respects except for the modified interest components. At the time when the transaction is initially entered, the quantitative benchmark test is performed using 1,000 forward-looking simulations of future market interest rates over the life of the financial asset. The test assumes a normal distribution of interest rates using the single-factor Hull-White model when simulating the scenarios. To pass the quantitative benchmark test, the financial asset being tested must not exceed two significance thresholds. The significance thresholds are established as the quotient of the simulated cash flows from the modified interest rate components and the benchmark instrument. The quotient must not exceed 10 per cent over a reporting period (three months) or 5 per cent over the entire life of the financial asset being tested. If one of these two significance thresholds is exceeded, the financial asset will have failed the benchmark test and must be measured at fair value through profit or loss.

A benchmark test is applied for the following main contractual features that can potentially modify the time value of money:

- Reset rate frequency does not match interest tenor
- Lagging indicator
- Smoothing clause
- Grace period
- Secondary market yield reference (UDRB: Average government bond yields weighted by outstanding amounts)

Financial assets and financial liabilities

Financial assets – amortized cost

In RBI, a financial asset is measured at amortized cost (AC) if both of the following conditions are met:

- The asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows.
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These conditions are explained in more detail in the chapters business model assessment, analysis of contractual cash flow characteristics, and modification of the time value of money and the benchmark test.

Loans and advances to customers and banks in particular are assigned to this category. Loans and advances relating to finance lease business, which are recognized in accordance with IFRS 16, and securities which meet the above conditions, are also shown in this measurement category.

They are measured at amortized cost. If there is a difference between the amount paid and face value – and this has an interest character – the effective interest method is used, and the amount is stated under net interest income. Interest income is calculated on the basis of the gross carrying amount provided the financial asset is not impaired. As soon as the financial asset is impaired, interest income is calculated based on the net carrying amount. The amortized cost is also adjusted by the expected loss recognized, using the expected loss approach in accordance with IFRS 9, as outlined in the chapter impairment general (IFRS 9).

Financial assets – mandatorily at fair value through profit/loss

In RBI, a financial asset is mandatorily measured at fair value if the financial asset is managed neither at amortized cost nor at fair value through other comprehensive income, and if there is no intention to trade and the asset was not voluntarily designated at fair value. Essentially, this concerns securities and loans which do not pass the contractual cash flow characteristics analysis and portfolios of financial assets which are not held for trading, which are managed at fair value and whose performance is assessed.

Financial assets – fair value through other comprehensive income

In RBI, a debt instrument is measured at fair value through other comprehensive income if both of the following conditions are met:

- A financial asset is classified as subsequently measured at fair value through other comprehensive income (FVOCI) if it is held within a business model whose objective is both collecting contractual cash flows and selling financial assets.
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Securities for the purpose of liquidity management are in particular assigned to this category.

Recognition is at fair value. Interest income, foreign exchange gains and losses from remeasurements and impairment expenses and reversals of impairment are recorded in the income statement and calculated in the same way as financial assets measured at amortized cost. The remaining fair value changes are recorded in other comprehensive income. On derecognition, the cumulative net gains or losses from the fair value changes which are recorded in other comprehensive income are reclassified to the income statement. In addition, the debt instruments in the category FVOCI are subject to the same impairment model (see chapter impairment general (IFRS 9)) as financial assets measured at amortized cost. The difference between the fair value and amortized cost is shown in other comprehensive income until the asset is derecognized.

In RBI, an equity instrument is shown at fair value through other comprehensive income if RBI irrevocably decides to present subsequent changes in fair value in other comprehensive income (OCI). This decision is made on an investment-by-investment basis for each investment and essentially covers strategic investments that are not fully consolidated. In contrast to debt instruments, the gains and losses recorded in other comprehensive income (OCI) are not reclassified to the income statement on sale; impairments are not recorded through profit or loss, either.

Financial assets and financial liabilities – held for trading

Financial assets and liabilities – held for trading are acquired or incurred principally for the purpose of generating profit from short-term fluctuations in market prices. Securities and derivative financial instruments held for trading are recognized at fair value. If securities are listed, the fair value is based on stock exchange prices. Where such prices are not available, internal prices based on present value calculations for originated financial instruments and futures or option pricing models for options are applied. Present value calculations are based on an interest rate curve which consists of money market rates, future rates and swap rates. Option price formulas Black-Scholes 1972, Black 1976 or Garman-Kohlhagen are applied depending on the kind of option. The measurement for complex options is based on a binominal tree model and Monte Carlo simulations.

Positive fair values are shown under financial assets – held for trading. Negative fair values are shown under financial liabilities – held for trading. Changes in fair value are shown in net trading income. Derivatives held for hedging purposes pursuant to IAS 39 are shown in the statement of financial position under the item hedge accounting. In addition, any liabilities from the short-selling of securities are shown in financial liabilities – held for trading.

Capital-guaranteed products (guarantee funds and pension plans) are shown as sold put options on the respective funds to be guaranteed. The valuation is based on a Monte Carlo simulation. The Group has provided capital guarantee obligations as part of the government-funded state-sponsored pension plans according to § 108h (1) item 3 EStG (Austrian Income Tax Act).

The bank guarantees that the retirement annuity, available for the payment amount is not less than the sum of the amounts paid by the taxpayer plus credits for such taxable premiums within the meaning of §108g EStG.

Interest income is shown in net interest income, valuation results and proceeds from disposals are shown in net trading income and fair value result.

Financial assets and financial liabilities – designated fair value through profit/loss

This category comprises mainly all those financial assets that are irrevocably designated as financial instruments at fair value (so-called fair value option) upon initial recognition in the statement of financial position. An entity may use this designation only when doing so eliminates or significantly reduces incongruities in measurement or recognition. These arise if the measurement of financial assets or liabilities or the recognition of resulting gains or losses has a different basis.

Financial liabilities are also designated as financial instruments at fair value to avoid valuation discrepancies with related derivatives. The fair value of financial obligations under the fair value option in this category reflects all market risk factors, including those related to the credit risk of the issuer.

In 2020, as in 2019, observable market prices were used for the valuation of liabilities of subordinated issues measured at fair value. The financial liabilities are mostly structured bonds. The fair value of these financial liabilities is calculated by discounting the contractual cash flows with a credit-risk-adjusted yield curve, which reflects the level at which the Group could issue similar financial instruments at the reporting date. The market risk parameters are determined based on similar financial instruments. Valuation results for liabilities that are designated as a financial instrument at fair value are recognized in net trading income and fair value result.

In accordance with IFRS 9, these financial instruments are measured at fair value. Interest income is shown in net interest income; valuation results and proceeds from disposals are shown in net trading income and fair value result. For financial liabilities designated at fair value through profit or loss, changes in fair value attributable to a change in own credit risk is not reported in the income statement but in other comprehensive income.

Financial liabilities – amortized cost

Liabilities are predominantly recognized at amortized cost. In addition to interest expense, if there are differences between the amount paid and face value, the effective interest method is applied and amounts are shown in net interest income. This category mainly includes customer deposits and securities issues for refinancing purposes.

Relationships between assets/liabilities, measurement criteria and category pursuant to IFRS 9

	Measurement		
Assets/liabilities	Fair value	Amortized cost	Category according to IFRS 9
Asset classes			
Cash, cash balances at central banks and other demand deposits		X	AC
Financial assets - amortized cost		X	AC
hereof loans from finance lease		X	AC
Financial assets - fair value through other comprehensive income	X		FVOCI
Non-trading financial assets - mandatorily fair value through profit/loss	X		FVTPL
Financial assets - designated fair value through profit/loss	X		FVTPL
Financial assets - held for trading	X		FVTPL
Hedge accounting	X		n/a
Liability classes			
Financial liabilities - amortized cost		X	AC
hereof liabilities from finance lease		X	AC
Financial liabilities - designated fair value through profit/loss	X		FVTPL
Financial liabilities - held for trading	X		FVTPL
Hedge accounting	X		n/a

AC: Amortized Cost
FVOCI: Fair Value Through Other Comprehensive Income
FVTPL: Fair Value Through Profit/Loss

Amortized cost

The effective interest rate method is a method of calculating the amortized cost of a financial instrument and allocating interest expenses and interest income to the relevant periods. The effective interest rate is the interest rate applied to discount the forecast future cash inflows and outflows (including all fees which form part of the effective interest rate, transaction costs and other premiums and discounts) over the expected term of the financial instrument or a shorter period, where applicable, to arrive at the net carrying amount from initial recognition.

Fair value

The fair value is the price that would be received for the sale of an asset or paid for the transfer of a liability, in an orderly business transaction between market participants on the measurement reference date. This applies irrespective of whether the price is directly observable or has been estimated using a valuation method.

In accordance with IFRS 13, RBI uses the following hierarchy to determine and report the fair value for financial instruments:

Quotation on an active market (Level I)

If market prices are available, the fair value is best reflected by the market price insofar as a publicly quoted market price is available. This category contains equity instruments traded on the stock exchange, debt instruments traded on the interbank market, and derivatives traded on the stock exchange. The valuation is mainly based on external data sources (stock exchange prices or broker quotes in liquid market segments). In an active market, transactions involving financial assets and liabilities are traded in sufficient frequency and volumes, so that price information is continuously available. Indicators for active markets are the number, the frequency of update or the quality of quotations (e.g. banks or stock exchanges). Moreover, narrow bid/ask spreads and quotations from market participants within a certain corridor are also indicators of an active liquid market.

Measurement techniques based on observable market data (Level II)

When quoted prices for financial instruments are not available on an active market, the underlying financial instrument is classified as Level II. If no quoted market prices are available, the fair value is determined using recognized measurement models which utilizes observable prices or parameters (in particular present value calculations or option price models). These methods concern the majority of the OTC-derivatives and non-quoted debt instruments.

Measurement techniques not based on observable market data (Level III)

If no sufficient current verifiable market data is available for the measurement with measurement models, parameters which are not observable in the market are also used. These input parameters may include data which is calculated in terms of approximated values from historical data among other factors (fair value hierarchy Level III). The utilization of these models requires assumptions and estimates of the Management. The scope of the assumptions and estimates depends on the price transparency of the financial instrument, its market and the complexity of the instrument.

For financial instruments valued at amortized cost (this comprises loans and advances, deposits, other short-term borrowings and long-term liabilities), the Group publishes the fair value. In principle, there is low or no trading activity for these instruments, therefore a significant degree of assessment by the Management is necessary for determining the fair value.

Further information on measurement methods and quantitative information for determination of fair value is shown in the notes under (32) Fair value of financial instruments.

Derecognition of financial assets

A financial asset is derecognized when the contractual rights to the cash flows arising from a financial asset have expired, when the Group has transferred the rights to the cash flows, or if the Group has the obligation, in case that certain criteria occur, to transfer the cash flows to one or more receivers. A transferred asset is also derecognized if all material risks and rewards of ownership of the assets are transferred. The Group has in place a write-off policy based on the principle that the bank being the creditor of loans does not expect any recovery/payment either on the entire exposure (full write-off) or on a part of the exposure (partial write-off). Furthermore, the loans have to be either fully impaired in amount of the entire exposure or, in case of collateralized loans, they are impaired in the extent not being collateralized. Further information on write-offs is provided in (36) Expected loan defaults.

Modification of financial assets

A financial asset is derecognized on account of a modification if the underlying contract is modified substantially. In RBI, terms are substantially modified if the discounted present value of the cash flows under the new terms using the original effective interest rate differs by at least 10 per cent from the discounted present value of the remaining cash flows of the original financial asset (present value test). In addition to the present value test further quantitative and qualitative criteria are considered in order to assess whether a substantial modification applies. These criteria consider the extension of the average remaining term, whereby in the case of Stage 3 loans which are restructured, this is often done to match the maximum expected payments. If this is the case, then additional judgement is required to determine whether the extension is a new instrument in economic terms. RBI has defined qualitative criteria for a significant change in the terms of the contract as a change in the underlying currency and also the introduction of clauses that would normally cause the contractual cash flow criteria according to IFRS 9 to fail, or a change in the type of instrument (e.g. a bond is converted to a loan).

Securitization transactions

RBI securitizes various financial assets from transactions with retail and commercial customers by placing risks from these financial assets and transferring them to special purpose vehicles (SPV) or structured entities (SE) that issue securities to investors. The assets transferred may be derecognized fully or partly or be reflected in the form of a transfer of risks in the existence of portfolio guarantees received from a third party. Rights to securitized financial assets can be retained in the form of senior or subordinated tranches, interest claims or other residual claims (retained rights).

Derecognition of financial liabilities

The Group derecognizes a financial liability if the obligations of the Group have been paid, expired or revoked. The income or expense from the repurchase of own liabilities is shown in the notes under (7) Other net operating income. The repurchase of own bonds also falls under derecognition of financial liabilities. Differences on repurchase between the carrying amount of the liability (including premiums and discounts) and the purchase price are reported in the income statement under other net operating income.

Reclassification of financial assets

Reclassification is only possible for financial assets, not for financial liabilities. In RBI, a change in the measurement category is only possible if there is a change in the business model used to manage a financial asset. Reclassification is then mandatory in such cases. Such changes must be determined by the Management Board and be significant for corporate activities. If such reclassification is necessary, this must be changed prospectively from the date of reclassification and approved by the RBI Management Board.

Derivatives

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

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

Credit derivatives, the value of which is dependent on future specified credit (non-)events are shown at fair value under the item financial assets – held for trading or financial liabilities – held for trading. Changes in valuation are recognized under net trading income and fair value result.

Additional information on derivatives is provided in the notes under (46) Derivative financial instruments.

Offsetting of financial instruments

Where the borrower and lender are the same, offsetting of loans and liabilities with matching maturities and currencies occurs only if a legal right, by contract or otherwise, exists and offsetting is in line with the actually expected course of the business. Information on offsetting of financial instruments is provided in the notes under (40) Offsetting financial assets and liabilities.

Hedge accounting

IFRS 9 grants accounting options for hedge accounting. RBI continues to apply the provisions on hedge accounting pursuant to IAS 39 while, however, taking into account the changes in the disclosures in the notes pursuant to IFRS 7. The respective disclosures are shown in the notes under (47) Hedge accounting – additional information.

If derivatives are held for the purpose of risk management and if the respective transactions meet specific criteria, the Group uses hedge accounting. The Group designates certain hedging instruments – mostly derivatives – as fair value hedges, cash flow hedges or capital hedges. At the beginning of the hedging relationship, the relationship between underlying and hedging instrument, including the risk management objectives, is documented. Furthermore, it is necessary to regularly document from the beginning and during the lifetime of the hedging relationship that the fair value or cash flow hedge is highly effective.

Fair value hedge

Hedge accounting according to IAS 39 applies to those derivatives that are used to hedge the fair value of financial assets and liabilities. The credit business is especially subject to such fair value risks if it deals with fixed-interest loans. Interest rate swaps that satisfy the prerequisites for hedge accounting are contracted to hedge against the interest-rate risks arising from individual loans or refinancing. Thus, hedges are formally documented, continuously assessed, and tested to be highly effective. Throughout the term of a hedge it can therefore be assumed that changes in the fair value of a hedged item will be nearly completely offset by a change in the fair value of the hedging instrument and that the actual effectiveness outcome will lie within a band of 80 to 125 per cent.

Derivative instruments held to hedge the fair value of individual items in the statement of financial position (except trading derivatives) are recognized at fair value (dirty price) under the item hedge accounting (for assets: positive dirty prices; for liabilities: negative dirty prices). Changes in the carrying amounts of hedged items (assets or liabilities) are allocated directly to the corresponding items of the statement of financial position and reported separately in the notes.

Both the effect of changes in the carrying amounts of positions requiring hedging and the effects of changes in the clean prices of the derivative instruments are recorded under net gains/losses from hedge accounting.

Within the management of interest rate risks, the hedging of interest rate risk is also undertaken on the portfolio level. Individual transactions or groups of transactions with similar risk structures, divided into maturities according to the expected repayment and interest rate adjustment date in a portfolio, are hedged. Portfolios can contain assets only, liabilities only, or both. For hedge accounting, the change in the value of the hedged asset or liability is shown in net gains/losses from hedge accounting. The hedged amount of the hedged items is determined in the consolidated financial statements including sight deposits (the rules of the EU carve-out are therefore applied).

Cash flow hedge

Cash flow hedge accounting according to IAS 39 applies for those derivatives that are used to hedge against the risk of fluctuating future cash flows. Variable-interest loans and liabilities, as well as expected transactions such as expected borrowing or investment, are especially subject to such cash flow risks. Interest rate swaps used to hedge against the risk of fluctuating cash flows arising from specific variable interest-rate items are recognized as follows: The hedging instrument is recognized at fair value, changes in its clean price are recorded in other comprehensive income. Any ineffective portion is recognized in the income statement under net gains/losses from hedge accounting.

Hedge of a net investment in an economically independent operation (capital hedge)

In the Group, foreign exchange hedges of investments in economically independent sub-units are executed in order to reduce differences arising from the foreign currency translation of equity components. Currency swaps are mainly used as hedging instruments. Where the hedge is effective the resulting gains or losses from foreign currency translation are recognized in other comprehensive income and shown separately in the statement of comprehensive income. Any ineffective part of the hedge is recognized in net trading income. The related interest components are shown in net interest income.

Financial guarantees

According to IFRS 9, a financial guarantee is a contract under which the guarantor is obliged to make certain payments. These payments compensate the party to whom the guarantee is issued for losses arising in the event that a particular debtor does not fulfill payment obligations on time as stipulated in the original terms of a debt instrument. At the date of recognition of a financial guarantee, the initial fair value corresponds under market conditions to the premium at the date of signature of the contract. In contrast to the presentation of impairments of financial assets, expected loan defaults are shown as a provision on the liabilities side.

Contingent liabilities and commitments

This item mainly includes contingent liabilities from undrawn loan commitments. Loan commitments must be reported when a credit risk may occur. These include commitments to provide loans, to purchase securities or to provide guarantees and acceptances. Loan loss provisions for loan commitments are reported under provisions for liabilities and charges. Often, loan commitments are only partially drawn and thus comprise a drawn and an undrawn commitment. If it is not possible to separately identify the expected credit losses applicable to a drawn commitment and those to an undrawn commitment, these are shown together with the impairments of the financial asset, in accordance with IFRS 7. The total expected credit losses are shown as a provision if they exceed the gross carrying amount of the financial asset. Contingent liabilities are shown under (33) Loan commitments, financial guarantees and other commitments. Major contingent liabilities from legal disputes are shown under (55) Pending legal issues.

Impairment general (IFRS 9)

This section provides an overview of those aspects of the rules on impairment that involve a higher degree of judgement or complexity and major sources of estimation uncertainty. Quantitative information about each of these estimates and judgements is included in the related notes together with information about the basis of calculation for each affected line item in the consolidated financial statements.

Overview

Since IFRS 9 entered into force, impairment losses for all debt instruments which are not measured at fair value and for loan commitments and financial guarantees (hereinafter referred to in this section as financial instruments) are recorded in the amount of the expected credit loss. Equity instruments are not subject to the impairment rules of IFRS 9.

If the credit risk for financial instruments has significantly increased since initial recognition, then on each reporting date, the impairment for a financial instrument must be measured in the amount of the expected credit losses over the (remaining) term. If the credit risk for financial instruments has not significantly increased since initial recognition, then on each reporting date, the impairment for a financial instrument must be measured in the amount of the present value of an expected twelve-month loss. The expected twelve-month loss is that portion of the credit losses expected over the lifetime which correspond to the expected credit losses from default events possible for a financial instrument within the twelve months following the reporting date.

RBI has introduced recognition and measurement methods in order to be able to assess at the end of every reporting period whether or not the credit risk for a financial instrument has significantly increased since initial recognition. Based on the method outlined above, RBI classifies its financial instruments into Stage 1, Stage 2, Stage 3 and POCI as follows:

- Stage1 essentially includes all financial instruments whose credit default risk has not significantly increased since their initial recognition. Stage 1 also includes all transactions which show a low credit risk on the reporting date and where RBI has utilized the option available under IFRS 9 to waive the assessment of a significant increase in credit risk. A low credit risk exists for all debt securities whose internal credit rating on the reporting date is within the investment grade range. RBI did not make use of the exemption for low credit risks in the lending business. On initial recognition of loans, the bank records an impairment in the amount of the expected twelve-month loss. Stage 1 also includes loans where the credit risk has improved and which have thus been reclassified from Stage 2.
- Stage 2 includes those financial instruments whose credit risk has significantly increased since their initial recognition and which, as at the reporting date, are not classified as transactions with limited credit risk. Impairments in Stage 2 are recognized in the amount of the financial instrument's lifetime expected credit loss. Stage 2 also includes loans where the credit risk has improved and which have thus been reclassified from Stage 3.
- Stage 3 includes financial instruments which are classified as impaired as at the reporting date. RBI's criterion for this classification is the definition of a default. The expected credit loss over the entire remaining lifetime of the financial instrument is also to be used as the basis for recognizing impairment of Stage 3 loans in default.
- POCI: Purchased or originated credit-impaired assets are financial assets which were already impaired at the time of initial recognition. On initial recognition, the asset is recorded at fair value without any impairment, using an effective interest rate that is adjusted for creditworthiness. The impairment recognized in subsequent periods equals the cumulative change in the lifetime expected credit loss of the financial instrument since the initial recognition in the statement of financial position. This remains the basis for measurement, even if the value of the financial instrument has risen.

The recognition and measurement principles for calculating expected credit losses are set out in the notes under (36) Expected credit losses in the chapter determination of expected credit losses. The recognition and measurement principles for determining a significant increase in the credit risk are set out under (36) Expected credit losses in the chapter significant increase in the credit risk. The expected credit losses are measured on either a collective or individual basis. The requirements for collective measurement are set out under (36) Expected credit losses in the section shared credit risk characteristics.

Determination of expected credit losses

RBI calculates the expected credit loss as the probability-weighted, expected value of all payment defaults taking into account various scenarios over the expected lifetime of a financial instrument discounted with the effective interest rate that was originally determined. A payment default is the difference between the contractually agreed and actually expected payment flows.

Further details on determining expected credit losses are provided in the notes under (36) Expected credit losses.

Forward-looking information

As a rule, the risk parameters specific to IFRS 9 are estimated not only on historical default information but also, in particular, on the current economic environment (point-in-time perspective) and forward-looking information. This assessment primarily involves regularly reviewing the effects which the bank's macroeconomic forecasts will have regarding the amount of the ECL and including these effects in the determination of the ECL. Further details on forward-looking information are provided in the notes under (36) Expected credit losses in the chapter forward-looking information.

Significant increase in the credit risk

RBI's rating systems combine into the PD all available quantitative and qualitative information relevant for forecasting the credit risk. This metric is based primarily on a statistical selection and weighting of all available indictors. In addition, the PD adjusted in accordance with IFRS 9 requirements takes into account not only historical information and the current economic environment, but also, in particular, forward-looking information such as the forecast for the development of macroeconomic conditions. As a consequence, RBI uses the PD only as a frame of reference for assessing whether the credit risk of a financial instrument has risen significantly since the date of its initial recognition. By anchoring the review of the relative transfer criterion in the robust processes and procedures of the bank's Group-wide credit-risk-management framework, the bank ensures that a significant increase in the credit risk is identified in a reliable and timely manner based on objective criteria. The review to determine whether the credit default risk as at the financial reporting date has risen significantly since the initial recognition of the respective financial instrument is performed as at the reporting date. This review compares the observed probability of default over the residual maturity of the financial instrument (Lifetime-PD) against the lifetime PD over the same period as expected on the date of recognition. Further details on forward-looking information are provided in the notes under (36) Expected credit losses in the chapter significant increase in the credit risk.

Collateral

In order to mitigate credit risks for financial assets, RBI endeavors to use collateral wherever possible. This collateral can take different forms, such as cash, securities, letters of credit/guarantees, real estate, receivables, inventories and other non-financial assets and credit improvements such as netting agreements. The accounting principles for collateral remain unchanged compared to IAS 39. Collateral is not recorded in RBI's statement of financial position unless it is repossessed. Further details are provided in the notes under (35) Collateral and maximum credit risk.

Genuine sale and repurchase agreements

In a genuine sale and repurchase transaction, RBI sells assets to a third party and agrees at the same time to repurchase these assets at an agreed price and time. The assets remain on RBI's statement of financial position and are measured according to the standards applied to the item in the statement of financial position under which they are shown. The securities are not derecognized since all the risks and rewards of RBI associated with the ownership of the repurchased securities are retained. Cash inflows arising from a sale and repurchase transaction are recognized in the statement of financial position as financial liabilities – amortized cost.

Under reverse repurchase agreements, assets are acquired by RBI with the obligation to sell them in the future. The purchased securities on which the financial transaction is based are not reported in RBI's statement of financial position and accordingly not measured. Cash outflows arising from reverse repurchase agreements are recorded in the statement of financial position under the item financial assets – amortized cost.

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

Securities lending

RBI concludes securities lending transactions with banks or customers in order to meet delivery obligations or to conduct security sale and repurchase agreements. In RBI, securities lending transactions are shown in the same way as genuine sale and repurchase agreements. This means loaned securities continue to remain in the securities portfolio and are valued according to IFRS 9. Borrowed securities are not recognized and not valued in RBI. Cash collateral provided by RBI for securities lending transactions is shown as a claim under the item financial assets – amortized cost while collateral received is shown as financial liabilities – amortized cost in the statement of financial position.

Leasing

At inception of a contract, RBI assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, RBI assesses whether:

- The contract involves the use of an identified asset – this is the case if either the asset is explicitly specified in the contract or the asset is implicitly specified at the time that it is made available for use by the customer that is capable of being used to meet the contract terms. If the supplier has a substantive substitution right, then the asset is not identified;
- RBI has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- RBI has the right to direct how and for what purpose the asset is used throughout the period of use or the relevant decisions about how and for what purpose the asset is used are predetermined.

RBI as lessee

RBI recognizes a right-of-use asset and a lease liability at the lease commencement date which is the date on which a lessor (a supplier) makes an underlying asset available for use by RBI. The right-of-use asset is measured at cost at the commencement date. The cost of the right-of-use asset comprises the amount equal to the lease liability at its initial recognition adjusted for any lease payments made at or before the commencement of the lease plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset, or to restore the underlying asset or the site on which it is located, less any lease incentives.

The right-of-use asset is subsequently depreciated using the straight-line method in accordance with IAS 16 from the commencement date to the earlier of the end of the useful life or the end of the lease term of the right-of-use asset. The right-of-use asset is reduced by impairments, if any, and adjusted for certain remeasurements of the lease liability.

At the commencement date, RBI measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments shall be discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the lessee shall use the incremental borrowing rate.

The lease payments included in the measurement of the lease liability comprise the following:

- fixed payments including in-substance fixed payments
- variable lease payments that depend on an index or rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if RBI is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease

The lease liability is measured on an ongoing basis similarly to other financial liabilities, using an effective interest method, so that the carrying amount of the lease liability is measured on an amortized cost basis and the interest expense is allocated over the lease term. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the RBI's estimate of the amount expected to be payable under a residual value guarantee, or if RBI changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of right-of-use asset has been reduced to zero.

RBI has elected not to recognize right-of-use assets and lease liabilities for short-term leases of equipment that have a lease term of twelve months or less and leases of low-value assets, including IT equipment. RBI recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

RBI as lessor

When RBI acts as lessor, it determines at lease inception whether the lease is accounted for as finance or operating lease. In RBI a lease is classified as a finance lease if substantially all the risks and rewards incidental to ownership are transferred. Typical factors that, individually or in combination, would normally lead to a lease being classified as a finance lease:

- Transfer of ownership of the asset by the end of the lease term;
- Option to purchase the asset at a price that is expected to be sufficiently lower than the fair value at the date the option becomes exercisable for it to be reasonably certain at the inception date that the option will be exercised;
- The lease term is for the major part of the economic life of the asset (even if the title is not transferred);
- At the inception date, the present value of the lease payments equals at least substantially the fair value of the asset;
- The asset is of such a specialized nature that only the lessee can use it without major modifications.

Sometimes RBI is an intermediate lessor which means that RBI acts as both the lessee and lessor of the same underlying asset and accounts for its interest in the main lease and the sublease separately. When the main lease is a short-term lease, the sublease is classified as an operating lease. Otherwise, RBI assesses the classification of a sublease by reference to the right-of-use asset in the main lease and not by reference to the underlying asset of the main lease.

RBI recognizes the lease payments associated with the operating lease as income on a straight-line basis over the lease term.

Consolidation principles

Subsidiaries

All material subsidiaries over which RBI AG directly or indirectly has control are fully consolidated. The Group has control over an entity when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Investments in subsidiaries which are not consolidated in the consolidated financial statements are measured at fair value. Investments in subsidiaries whose fair value differ insignificantly from the acquisition costs less impairment, are simply measured at the acquisition costs minus impairment. Investments in subsidiaries are shown under the item investments in subsidiaries and associates.

Structured entities are entities in which the voting or similar rights are not the dominant factor for determining control, e.g. if the voting rights are solely related to administration activities and the relevant activities are governed by contractual agreements.

Similar to subsidiaries, consolidation of structured entities is necessary, if the Group has control over the entity. In the Group, the need to consolidate structured entities is reviewed as part of the securitization transaction process, where the structured entity is either formed by the Group with or without participation of third parties, or, in which the Group with or without participation of third parties enters into contractual relationships with already existing structured entities. Whether an entity should be consolidated or not is reviewed at least quarterly or if an event occurs. All fully consolidated structured entities and investments in non-consolidated structured entities are to be found in the notes under (69) Group composition.

In order to determine when an entity has to be consolidated, a series of control factors have to be checked. These include an examination of

- the purpose and the constitution of the entity,
- the relevant activities and how they are determined,
- if the Group has the ability to determine the relevant activity through its rights,
- if the Group is exposed to risks of or has rights to variable returns,
- if the Group has the ability to use its power over the investee in order to affect the amount of variable returns.

If voting rights are relevant, the Group has control over an entity in which it directly or indirectly holds more than 50 per cent of the voting rights; except when there are indicators that another investee has the ability to determine unilaterally the relevant activities of the entity. One or more of the following points may be such an indicator:

- Another investor has control over more than half of the voting rights due to an agreement with the Group,
- Another investor has the ability to control financial policy and operational activities of the equity participation due to legal provisions or an agreement,
- Another investor has control over the equity participation due to its possibility to appoint and withdraw the majority of members of the Board or members of an equivalent governing body,
- Another investor has control over the entity due to its possibility to possess the majority of the delivered voting rights in a meeting of members of the Board or of members an equivalent governing body.

When judging control, also potential voting rights are considered as far as they are material.

The Group assesses evidence of control in cases in which it does not hold the majority of voting rights but has the ability to unilaterally govern the relevant activities of the entity. This ability may occur in cases in which the Group has the ability to control the relevant activities due to the extent and distribution of voting rights of the investees.

In principle, subsidiaries are initially integrated into the consolidated group on the date when the Group obtains control of the company and are excluded from the date on when it no longer has control of the company. The results from subsidiaries acquired or disposed of during the year are recorded in the consolidated income statement, either from the actual date of acquisition or up to the actual date of disposal. During the initial consolidation of previously not included controlled subsidiaries due to their immateriality, changes in the value of individual assets and liabilities between the date of acquisition or foundation and the initial consolidation as well as profits/losses generated in this period of the subsidiary in question are taken into account directly in equity. The Group reviews the adequacy of previous decisions on which companies to consolidate at least every quarter. Accordingly, any organizational changes are immediately taken into account. Apart from changes in ownership, these also include any changes to the Group’s existing contractual arrangements or new contractual arrangements with a unit.

Non-controlling interests are shown in the consolidated statement of financial position as part of equity, but separately from RBI AG's equity. The profit attributable to non-controlling interests is shown separately in the consolidated income statement.

In debt consolidation, intra-group loans and liabilities are eliminated. Remaining temporary differences are recognized under the item other assets or other liabilities in the consolidated statement of financial position.

Intra-group income and expenses are also eliminated and temporary differences resulting from bank business transactions are included partly in net interest income and partly in net trading income. Other differences are shown in the item other net operating income.

Intra-group results are eliminated insofar as they have a material effect on the income statement items. Transactions between Group members are executed on an arm's length basis.

Changes in the Group's ownership interests in existing subsidiaries

If, in the case of existing control, further shares are acquired or sold without loss of control, in subsequent consolidation such transactions are recognized directly in equity. The carrying amount of the shares held by the Group and the non-controlling interests are adjusted in such a way as to reflect changes in existing shareholdings in subsidiaries. Any difference between the amount which is adjusted for the non-controlling interests and the fair value of the consideration paid or received is recognized directly in equity and is assigned to the shareholders of the parent company.

If the company loses control over a subsidiary, the income/loss from disposal of group assets is shown in the income statement. This is calculated as the difference between

- the total amount of fair value of the received consideration and fair value of the shares retained and
- the carrying amount of assets (including goodwill), liabilities of the subsidiary and all non-controlling interests.

All amounts related to these subsidiaries and shown in other comprehensive income are recognized in the same way as would be the case for the sale of assets. This means the amounts are reclassified to the income statement or directly transferred to retained earnings.

Associated companies

An associated company is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of an entity in which shares are held. No control or joint management of decision-making processes exists. As a rule, significant influence is assumed if the Group holds 20 to 50 per cent of the voting rights. When judging whether the Group has the ability to exert a significant influence on another entity, the existence and the effect of potential voting rights which are actually exercisable or convertible are taken into account. Further parameters for judging significant influence are, for example, the representation in executive committees and supervisory boards (Supervisory Board in Austrian Joint Stock companies) of the entity and material business transactions with the entity. Investments in associated companies are valued at equity and shown in the statement of financial position under the item investments in subsidiaries and associates under the sub-item investments accounted for at equity.

The acquisition cost of these investments including goodwill is determined at the time of their initial consolidation, applying by analogy the same rules as for subsidiaries (offsetting acquisition costs against proportional fair net asset value). If associated companies are material, appropriate adjustments are made to the equity carrying amount, in accordance with developments in the company's equity. Profit or losses of companies valued at equity are netted and recognized in the item current income from investments in associates. Losses attributable to companies accounted for using the equity method are only recognized up to the level of the equity carrying amount. Losses in excess of this amount are not recognized, since there is no obligation to offset excess losses. Furthermore, any amounts recognized by the associate through other comprehensive income will be recognized in the other comprehensive income statement of RBI. This is especially relevant for valuation effects seen from financial assets at fair value through other comprehensive income (FVOCI). At each reporting date, the Group reviews to what extent there is objective evidence for impairment of an equity participation in an associated company. If there is objective evidence of impairment, an impairment test is carried out, in which the recoverable value of the participation – this is higher of the usable value and the fair value less selling costs – is compared to the carrying amount. An impairment made in previous periods is reversed only if the assumptions underlying the determination of the recoverable value have been changed since recognition of the last impairment. In this case the carrying amount is written up to the higher recoverable value.

Business combinations

The acquisition of business operations is recognized according to the acquisition method. The consideration transferred in a business combination is measured at fair value. This is calculated as the aggregate of the acquisition-date fair value of all assets transferred, liabilities assumed from former owners of the acquired business combination and equity instruments issued by the Group in exchange for control of the business combination. Transaction costs related to business combinations are recognized in the income statement when incurred.

Goodwill is measured as the excess of the aggregate of the value of the consideration transferred, the amount of any non-controlling interest and the acquisition-date fair value of the acquirer's previously held equity interest in the acquiree (if any), and the net of the acquisition-date amounts of the fair values of identifiable assets acquired and the liabilities assumed. In the event that the difference is negative after further review, the resulting gain is recognized immediately in the income statement.

Non-controlling interests which confer ownership rights and grant the right to the owner to receive a proportionate share of the net assets of the entity in the event of liquidation, are measured either at fair value or at the non-controlling interest's proportionate share of net assets of the acquiree at the acquisition date. This accounting policy option can be newly made for every business combination. Other components of non-controlling interests are measured at fair value or with measurement values derived from other standards.

If the consideration transferred includes a contingent consideration, this is measured at the acquisition-date fair value. If the contingent consideration is classified as equity, it is not re-measured on the following reporting date. Its settlement is recognized within equity. A contingent consideration classified as assets or liabilities is measured on the following reporting dates at fair value and a resulting profit or loss is recognized in the income statement.

Adjustments to the measurement or additional recognition of further assets and liabilities in order to reflect information about facts and circumstances which already existed at the time of acquisition are corrected retrospectively within the measurement period and posted accordingly against goodwill. The measurement period may not exceed one year from the date of acquisition.

Cash, cash balances at central banks and other demand deposits

This item on the statement of financial position includes cash in hand, balances at central banks that are due on call, and demand deposits at banks that are due on call.

Equity participations

Investments in subsidiaries not included in the consolidated financial statements because of their minor significance, and investments in associated companies that are not valued at equity are shown in investments in subsidiaries and associates.

Intangible fixed assets

Acquired intangible fixed assets

In RBI, separately acquired intangible fixed assets, i.e. those with a definite useful life not acquired in a business combination, are capitalized at acquisition cost less accumulated amortization and impairment. Amortization is accrued in a straight line over the expected useful life and reported as an expense in the income statement. The expected useful life and the depreciation method are reviewed at each reporting date and any possible changes in measurement taken into account prospectively. Separately acquired intangible fixed assets with an indefinite useful life are capitalized at acquisition cost less accumulated impairment. The normal useful life of software is between four and six years. The normal useful life for large software projects may extend over a longer period.

Internally developed intangible fixed assets – research and development costs

Internally developed intangible assets comprise exclusively software and are capitalized if it is probable that the future economic benefits attributable to the asset will accrue to the Group and the cost of the asset can be measured reliably. Expenses for research are recognized as an expense when they are incurred.

An internally developed intangible fixed asset resulting from development activities or from the development stage of an internal project is capitalized when the following evidence is provided:

- The final completion of the intangible fixed asset is technically feasible so that it will be available for use or sale.
- It is intended to finally complete the intangible fixed asset and to use or to sell it.
- The ability exists to use or to sell the intangible fixed asset. The intangible fixed asset is likely to generate future economic benefit.
- The availability of adequate technical, financial and other resources required in order to complete development and to use or sell the intangible fixed asset is assured.
- The ability exists to reliably determine the expenditure incurred during the development of the intangible fixed asset.

The amount at which an internally developed intangible fixed asset is initially capitalized is the sum of all expenses incurred beginning from the day on which the aforementioned conditions are initially met. If an internally developed intangible fixed asset cannot be capitalized, or if there is as yet no intangible fixed asset, the development costs are reported in the income statement for the reporting period in which they are incurred.

Capitalized development costs are generally amortized in the Group in a straight line over a useful life of five years. The normal useful life of software is between four and six years. The normal useful life for large software projects may extend over a longer period.

Intangible fixed assets acquired in a business combination

In RBI, intangible fixed assets acquired in a business combination are reported separately from goodwill and measured at fair value. Goodwill and other intangible fixed assets without definite useful lives are tested for impairment at each reporting date. Impairment tests are performed whenever certain events (trigger events) occur during the year. Whenever circumstances indicate that the expected benefit no longer exists, impairment must be recognized pursuant to IAS 36.

Intangible fixed assets with a definite useful life are amortized over the period during which the intangible fixed asset can be used. The useful life of the acquired customer base was set at 20 years in the retail business of Raiffeisen Bank Aval JSC.

Group companies use brands to differentiate their services from the competition. According to IFRS 3, brands of acquired companies are recognized separately under the item intangible fixed assets. Brands have an indeterminable useful life and are therefore not subject to scheduled amortization. Brands have to be tested annually for impairment and additionally whenever indications of impairment arise. Details on impairment testing can be found in the notes under (21) Tangible and intangible fixed assets.

Tangible fixed assets

Land and buildings as well as office furniture and equipment reported under tangible fixed assets are measured at cost of acquisition or conversion less depreciation. Depreciation is recorded under the item general administrative expenses. The straight-line method is used for depreciation and is based on the following useful life figures:

Useful life	Years
Buildings	25 – 50
Office furniture and equipment	5 – 10
Hardware	3 – 7
Right-of-use assets	2 – 35

Land is not subject to depreciation.

Expected useful lives, residual values and depreciation methods are reviewed annually. Any necessary future change of estimates is taken into account. Any anticipated permanent impairment is reported in the income statement and shown under the item impairment on non-financial assets. In the event that the reason for the impairment no longer exists, a write-up will take place up to a maximum of the amount of the amortized cost of the asset.

A tangible fixed asset is derecognized on disposal or when no future economic benefit can be expected from the continued use of the asset. The resulting gain or loss from the sale or retirement of any asset is determined as the difference between the proceeds and the carrying amount of the asset and is recognized in other net operating income.

Investment property

This is property that is held to earn rental income and/or for capital appreciation. Investment property is reported at amortized cost using the cost model permitted by IAS 40 and is shown under tangible fixed assets because of minor importance. Straight line depreciation is applied on the basis of useful life. The normal useful life of investment property is identical to that of buildings recognized under tangible fixed assets. Depreciation is recorded under the item general administrative expenses. Impairments that are expected to be permanent are recognized in profit or loss and shown in the item impairment on non-financial assets. If the reasons for the impairment cease to exist, a write-up is made up to the amortized acquisition costs.

Investment property is derecognized on disposal or when it is no longer to be used and no future economic benefit can be expected from disposal. The resulting gain or loss from the disposal is determined as the difference between the net proceeds from the disposal and the carrying amount of the asset and is recognized in other net operating income in the reporting period in which the asset was sold.

Impairment of non-financial assets

Impairment test for goodwill

On each reporting date, goodwill is examined with a view to its future economic utility on the basis of cash generating units (CGUs). A cash generating unit is defined by the management and represents the smallest identifiable group of assets of a company that generates cash inflows from operations. Within RBI, all segments according to segment reporting are determined as cash generating units. Legal entities within the segments form their own CGU for the purpose of impairment testing of goodwill. The carrying amount of the relevant entity (including any assigned goodwill) is compared with its recoverable amount. This is, as a general principle, defined as the higher of the fair value less selling costs and the amount resulting from its value in use. The value in use is based on expected potential dividends discounted using a rate of interest reflecting the risk involved. The estimation of the future results requires an assessment of previous as well as future performance. The latter must take into account the likely development of the relevant markets and the overall macroeconomic environment.

Impairment tests for goodwill based on cash-generating units use a multi-year plan drawn up by the relevant management team and approved by the bodies responsible. This covers the CGU's medium-term prospects for success taking into account its business strategy, overall macroeconomic conditions (gross domestic product, inflation expectations, etc.) and the specific market circumstances. The data is then used to capture the terminal value based on a going concern concept. Discounting of the earnings relevant for the measurement, i.e. potential dividends, is undertaken using risk-adapted and country-specific equity capital cost rates determined by means of the capital asset pricing model. The individual interest rate parameters (risk-free interest rate, inflation difference, market risk premium, country-specific risks and beta factors) were defined by using external information sources. The entire planning horizon is divided into three phases with phase I covering the management planning period of three years. Detailed planning, including macroeconomic planning data, is extrapolated in phase II, which lasts another two years. The terminal value is then calculated in phase III based on the assumption of a going concern. Details on impairment testing can be found in the notes under (21) Tangible and intangible fixed assets.

Non-current assets held for sale and disposal groups

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

Non-current assets and disposal groups classified as held for sale are valued at the lower amount of their original carrying amount or fair value less costs to sell and are reported under other assets. Income from non-current assets held for sale and discontinued operations is reported in the other result. If the impairment expense of the discontinued operations exceeds the carrying amount of the assets which fall under the scope of IFRS 5 (Measurement), there is no special provision in the IFRS on how to deal with this difference. This difference is recognized in the item provisions for onerous contracts in the statement of financial position.

In the event that the Group has committed to a sale involving the loss of control over a subsidiary, all assets and liabilities of the subsidiary concerned are classified as held for sale provided the aforementioned conditions for this are met. This applies irrespective of whether the Group retains a non-controlling interest in the former subsidiary after the sale or not.

Results from discontinued business operations are reported separately in the income statement as result from discontinued business operations.

Details on assets held for sale pursuant to IFRS 5 are included in the notes under (23) Other assets.

Provisions for liabilities and charges

Provisions are recognized when the Group has a present obligation from a past event, where it is likely that it will be obliged to settle, and a reliable estimate of the amount is possible. The level of provisions is the best possible estimate of expected outflow of economic benefits at the reporting date while taking into account the risks and uncertainties underlying the commitment to fulfill the obligation. If a provision is formed based on cash flows estimated to fulfill an obligation, the cash flows must be discounted if the interest effect is material.

These types of provision are reported in the statement of financial position under the item provisions for liabilities and charges. Allocation to the various types of provision is booked through different line items in the income statement depending on the nature of the provision. Allocation of loan loss provisions for contingent liabilities is recorded in the income statement under the line item impairment losses on financial assets. Restructuring provisioning and other employee benefits are recorded in general administrative expenses. Provision allocations that are not assigned to a corresponding general administrative expense are as a matter of principle booked against other net operating income.

Provisions for pensions and similar obligations

All defined benefit plans relating to so-called social capital (provisions for pensions, provisions for severance payments and provisions for service anniversary bonuses) are measured using the Projected Unit Credit Method in accordance with IAS 19 – Employee Benefits. The biometrical basis for the calculation of provisions for pensions, severance payments and service anniversary bonuses for Austrian companies is provided by AVÖ 2018-P-Rechnungsgrundlagen für die Pensionsversicherung (Computational Framework for Pension Insurance), using the relevant parameters for salaried employees. In other countries, comparable actuarial parameters are used for calculation.

Further details to provisions for pensions and similar obligations can be found in the notes under (28) Provisions for liabilities and charges.

Defined contribution plans

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

Employee compensation plans

Variable remuneration – special remuneration policies

In the Group variable compensation is based on bonus pools on the bank or profit center level. Every variable remuneration system has fixed minimum and maximum levels and thus defines maximum payout values.

As of the financial year 2011, the following general and specific principles for the allocation, the claim and the payment of variable remuneration (including the payment of the deferred portion of the bonus) for board members of RBI AG and certain Group units and identified staff (risk personnel) are applied:

- 60 per cent for especially high amounts and 40 per cent of the annual bonus respectively will be paid out on a proportional basis as 50 per cent cash immediately (up-front), and 50 per cent through a phantom share plan (see details below), which will pay out after a holding period (retention period) of one year.
- 40 per cent and 60 per cent of the annual bonus respectively will be deferred according to local law over a minimum period of three (in Austria, five) years (deferral period). Payment will be made on a proportional basis, 50 per cent cash and 50 per cent based on the phantom share plan.

The specific structure of the above-mentioned principles results in deviations for individual group units in order to take into account the partly stricter national legal regulations.

Variable remuneration including a deferred portion is only allocated, paid or transferred if the following criteria are met:

- This is not prohibited at the level of RBI and/or RBI AG on the basis of a decision by the competent supervisory authority (e.g. by the European Central Bank for RBI).
- This is tenable overall based on the financial position of RBI and the financial position of RBI AG and is justified based on the performance of the Group, RBI AG, the business unit and the individual concerned.

- The minimum requirements applicable to RBI AG under local legislation for the allocation or payment of variable remuneration are fulfilled.
- The legally required CET 1 ratio of RBI is achieved, the capital and buffer requirements of the CRR and CRD for RBI are complied with in full and additionally neither the allocation, payment nor transfer of the variable remuneration is detrimental to the maintenance of a sound capital base for RBI.
- RBI has met the minimum requirements under applicable law for economic and regulatory capital and additionally neither the allocation, payment nor transfer of the variable remuneration is detrimental to the maintenance of a sound capital base for RBI.
- All additional criteria and prerequisites for the allocation and/or payment of variable remuneration, as defined from time to time by the Management Board or the Supervisory Board (REMCO) of RBI, are met.

The Group fulfills the obligation arising from Clause 11 of the Annex to § 39b of the Austrian Banking Act (BWG) which stipulates that at least 50 per cent of the variable remuneration of risk personnel must be paid out in the form of shares or similar non-cash instruments by means of a phantom share plan as follows: 50 per cent of the up front and 50 per cent of the deferred portion of the bonus are divided by the average closing price of the RBI share on trading days of the Vienna Stock Exchange in the payment year serving as the basis for calculating the bonus. Thereby, a certain amount of phantom shares is determined. This amount is fixed for the entire duration of the deferral period. After the expiration of the respective retention period, the amount of specified phantom shares is multiplied by RBI's share price for the previous financial year, calculated as described above. The resulting cash amount is paid on the next available monthly salary payment date.

These rules are valid unless any applicable local laws prescribe a different procedure (e.g. Czech Republic).

All expenses associated with the variable remuneration were recognized in personnel expenses in accordance with IAS 19 and the expected discounted payment amount was set aside. They are shown in more detail in the notes under (28) Provisions.

Subordinated capital

Issued subordinated capital and supplementary capital are shown either in financial liabilities – amortized cost or financial liabilities – designated fair value through profit/loss. Assets are subordinated if, in the event of liquidation or bankruptcy, they can only be met after the claims of the other – not subordinated – creditors have been satisfied. Supplementary capital contains all paid-in capital provided by a third-party and available for the company for at least eight years, for which interest is paid only from profit and which can be repaid in the case of insolvency only after all other creditors are satisfied.

Net interest income

Interest and interest-like income mainly includes interest income on financial assets such as loans, fixed-interest securities, as well as interest and interest-like income from the trading portfolio. Interest expenses and interest-like expenses mainly include interest paid on deposits, debt securities issued and subordinated capital. Interest income and interest expenses are accrued in the reporting period. Negative interest from asset items is shown in interest income; negative interest from liability items is shown in interest expenses.

Dividend income

Dividends from equities, subsidiaries not fully consolidated, strategic investments and associates not valued at equity are recognized under dividend income. Dividends are recognized through profit/loss if RBI's legal entitlement to payment has materialized.

Net fee and commission income

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

Net trading income and fair value result

Net trading income comprises the trading margins resulting from the foreign exchange business, results due to foreign exchange revaluations and all realized and unrealized gains and losses from financial assets and liabilities at fair value.

General administrative expenses

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

Other net operating income

The other net operating income does not include any direct core income, but rather special earnings components that arise in connection with the operating business

Other result

The other result mainly includes impairments of equity instruments and non-financial assets as well as deconsolidation effects. This primarily includes impairment and reversal of impairment on investments in subsidiaries and associates, impairment of goodwill and other non-financial assets as well as the result from non-current assets and disposal groups held for sale. In addition, RBI shows the tax expenses not attributed to business activity (from corporate restructurings) as well as allocations to credit-linked and portfolio-based provisions for litigation.

Income taxes

RBI AG as group parent and 49 of its consolidated domestic subsidiaries are members of a tax group. Current taxes are calculated on the basis of taxable income for the current year taking into account the tax group (in terms of a tax group allocation). If RBI AG generates a negative taxable net income and these taxable losses are not usable in the group, then the group parent does not immediately pay a negative tax group allocation. Only and after withdrawal from the tax group at the latest, a final settlement is carried out. The taxable income deviates from the profit/loss before tax of the consolidated statement of comprehensive income due to expenses and income which are taxable or tax-deductible in the following years or which are never taxable or tax-deductible. The liability of the Group for current taxes is recognized on the basis of the actual tax rate or the expected applicable tax rate.

Deferred taxes are calculated and recognized in accordance with IAS 12 applying the liability method. Deferred taxes are based on all temporary differences that result from comparing the carrying amounts of assets and liabilities in the IFRS accounts with the tax bases of assets and liabilities, and which will reverse in the future. Deferred taxes are calculated by using tax rates applicable in the countries concerned. A deferred tax asset should also be recognized on tax loss carry forwards if it is probable that sufficient taxable profit will be generated against which the tax loss carry-forwards can be utilized within the same entity. On each reporting date, the carrying amount of the deferred tax assets is reviewed and impaired if it is no longer probable that sufficient taxable income will become available in order to partly or fully realize the tax assets. Deferred tax assets are offset against deferred tax liabilities for each subsidiary to the extent that offsetting is permitted. Income tax credits and income tax obligations are recorded under the items current and deferred tax assets and current and deferred tax liabilities.

Current taxes and movements of deferred taxes are recognized in the income statement unless they are linked to items which are recognized in other comprehensive income, in which case the current and deferred taxes are also directly recognized in other comprehensive income.

IFRIC 23 is to be applied to the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates when there is uncertainty over income tax treatments under IAS 12. RBI is required to use judgment to determine whether each tax treatment should be considered independently or whether some tax treatments should be considered together. If RBI concludes that it is not probable that a particular tax treatment is accepted, it has to use the most likely amount or the expected value of the tax treatment. Otherwise, it uses the tax treatment that is consistent with its income tax filings. An entity has to reassess its judgments and estimates if facts and circumstances change.

Other comprehensive income

Other comprehensive income comprises all income and expenses directly recognized in equity according to IFRS standards. Income and expenses recognized directly in equity that are reclassified in the income statement are reported separately from income and expenses recognized directly in equity that are not reclassified in the income statement. Currency differences resulting from the translation of equity in subsidiaries held in foreign currency, changes resulting from the hedging of net investments in a foreign entity (capital hedge), the effective part of a cash flow hedge, changes resulting from valuation of financial assets (debt instruments) of the category FVOCI, proportionate other comprehensive income from associates accounted for at equity as well as deferred taxes on the mentioned items are recognized in other comprehensive income.

Revaluations of defined benefit plans, valuation changes of financial assets (equity instruments) of the category FVOCI, valuation changes on account of the change in the own default risk of financial liabilities at fair value, proportionate other comprehensive income from associates as well as deferred taxes on the mentioned items are reported in other comprehensive income and are not reclassified to the income statement.

Fiduciary business

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

Insurance contracts

Liabilities arising from insurance contracts change depending on changes in interest rates, income from investments and expenses for pension agreements for which future mortality rates cannot be reliably predicted. IFRS 4 must be applied to the reporting of liabilities resulting from the existence of mortality rate risks and discretionary participation features. All assets associated with pension products are reported in accordance with IFRS 9. Liabilities are recorded under other liabilities.

Own shares

Own shares of RBI AG at the reporting date are deducted directly from equity. Gains and losses on own shares have no impact on the income statement.

Statement of cash flows

The statement of cash flows shows the structure and changes in cash and cash equivalents during the financial year and is broken down into three sections:

- Net cash from operating activities
- Net cash from investing activities
- Net cash from financing activities

Net cash from operating activities comprises inflows and outflows from the company's principal revenue-producing activities and other activities that are not investing or financing activities. When using the indirect method to determine cash flows from operating activities, the profit/loss before tax from the income statement is adjusted by eliminating non-cash components and adding back cash related changes in assets and liabilities. In addition, the income and expense items attributable to investment or financing activities are deducted. The interest, dividend and tax payments from operating activities are separately stated in their own rows.

Net cash from investing activities shows inflows and outflows from debt instruments (securities held for long-term investment) and equity participations (subsidiaries not fully consolidated, associates and investments), tangible fixed assets and intangible fixed assets, proceeds from disposal of Group assets, and payments for acquisition of subsidiaries.

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

Cash and cash equivalents comprise the item on the statement of financial position cash, cash balances at central banks and other demand deposits.

As RBI is a consolidated group consisting of multiple credit institutions, the informational value of the cash flow statement is regarded as low. The cash flow statement is not an instrument that can be deployed for liquidity or budget planning purposes, nor is it used as a management tool by RBI.

Segment reporting

Notes on segment reporting are to be found in the section segment reporting.

Notes on the nature and extent of risks

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

Capital management

Information on capital management, regulatory capital and risk-weighted assets is disclosed in the notes under (71) Capital management and total capital according to CCR/CRD IV and Austrian Banking Act (BWG).

Application of new and revised standards

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

The new Conceptual Framework includes revised definitions of assets and liabilities as well as new guidance on measurement, derecognition, presentation and disclosures. The new Conceptual Framework does not constitute a substantial revision of the document, as was originally intended when the project was first taken up in 2004. Instead, the IASB focused on topics that were not yet covered or that showed obvious shortcomings that needed to be dealt with. The revised Conceptual Framework is not the subject of an endorsement process.

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

The narrow scope amendments to IFRS 3 aim to resolve the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The issue arose from the fact that the accounting requirements for goodwill, acquisition costs and deferred tax differ on the acquisition of a business and on the acquisition of a group of assets. The application of these amendments did not have any impact on the consolidated financial statements of RBI.

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

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

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

The current IBOR reform replaces existing benchmark interest rates (IBORs: interbank offered rates) by alternative risk-free interest rates. Under coordination of Group Treasury, each affected Group unit worked on the preparation of the reform in relevant projects in 2020. In these coordinated projects, information about the timing and methods of transition were analyzed and the necessary adaptions to contracts, systems and procedures were determined.

IASB published amendments – regarding the IBOR reform – to IFRS 9, IAS 39 and IFRS 7 in September 2019, which are to be applied for the business year beginning on 1 January 2020 (Interest Rate Benchmark Reform, Phase I) and which mainly consist of:

- The change of certain hedge accounting regulations so that companies comply with these hedge accounting regulations under the assumption that the benchmark interest rate on which the hedged cash flows and the cash flows from hedging instruments are based, will not be changed by the reform of the benchmark interest rate;
- Mandatory application of changes to all hedging relationships affected by the benchmark interest rate reform;
- The amendments are not intended to provide relief from other consequences of the benchmark interest rate;
- If a hedging relationship does not longer fulfil the hedge accounting regulations for reasons other than those mentioned in the amendments, hedge accounting must be abandoned;
- Regulation of specific disclosure about the extent to which the hedging relationships of the companies will be affected by the amendments

Further information regarding Interest Rate Benchmark Reform are shown in the notes under (6) Hedge accounting.

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

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

Standards and interpretations not yet applicable (already endorsed by the EU)

The following new or amended standards and interpretations, which have been adopted, but are not yet mandatory, have not been applied early.

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 affect financial reporting following the reform of a benchmark interest rate, including its replacement by alternative benchmark interest rates. The amendments are effective for reporting periods beginning on or after 1 January 2021.

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

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

Standards and interpretations not yet applicable (not yet endorsed by the EU)

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

IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts within the scope of the standard. The objective of IFRS 17 is to ensure that entities provide relevant information that faithfully represents those contracts. This information gives a basis for users of financial statements to assess the effect of insurance contracts on an entity's financial position, financial performance and cash flows. IFRS 17 was issued in May 2017 and applies to annual reporting periods beginning on or after 1 January 2023. The impact on the Group is still being analyzed and relates to UNIQA Insurance Group AG, Vienna, which is measured and accounted for using the equity method in the RBI consolidated financial statements and the fully consolidated subsidiary Raiffeisen Pension Insurance d.d., Zagreb. The standard has not yet been incorporated by the EU into European law.

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

The amendments to IAS 1 aim to clarify the criteria used to classify liabilities as current or non-current. In the future, the classification of liabilities should be solely based on rights that are in existence at the end of the reporting period. The amendments also contain additional guidance for interpreting the right to defer settlement by at least twelve months and make clear what constitutes settlement. The standard has not yet been incorporated by the EU into European law.

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

The amendment prohibits deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the cost of producing those items, in profit or loss. Directly attributable costs include the costs of testing whether an asset is functioning properly. The standard has not yet been incorporated by the EU into European law.

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

The changes specify that the cost of fulfilling a contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labor, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract). The standard has not yet been incorporated by the EU into European law.

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

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

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

Improvements to IFRS 1, IFRS 9, IFRS 16 and IAS 41. These improvements have not yet been incorporated by the EU into European law.

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.

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

RBI signs agreement on the acquisition of Czech Equa bank

On 6 February 2021, Raiffeisen Bank International AG (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 around 30 basis points (based on a pro-forma CET1 consolidation at year-end 2020). 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 this year. 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 subsidiary bank in the Czech Republic, Raiffeisenbank a.s., 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.

Vienna, 26 February 2021

The Management Board

Johann Strobl	Andreas Gschwenter
Łukasz Januszewski	Peter Lennkh
Hannes Mösenbacher	Andrii Stepanenko

Statement of legal representatives

We confirm to the best of our knowledge that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group as required by the applicable accounting standards and that the Group management report gives a true and fair view of the development and performance of the business and the position of the Group, together with a description of the principal risks and uncertainties the Group faces.

Vienna, 26 February 2021

The Management Board

Johann Strobl

Chief Executive Officer responsible for Group Marketing, Active Credit Managment, Group Sustainability Management, Legal Services, Chairman's Office, Group Communications, Group Executive Office, Group People & Organisational Innovation, Group Internal Audit, Group Investor Relations, Group Planning & Finance, Group Subsidiaries & Equity Investments, Group Tax Management, Group Treasury and Group Strategy

Andreas Gschwenter

Member of the Management Board responsible for Group Core IT, Group Data, Group Efficiency Management, Group IT Delivery, Group Procurement, Outsourcing & Cost Management, Group Security, Resilience & Portfolio Governance and Head Office Operations

Łukasz Januszewski

Member of the Management Board responsible for Group Capital Markets Corporates & Retail Sales, Group Capital Markets Trading & Institutional Sales, Group Investment Banking, Group Investor Services, Group MIB Business Management & IC Experience, Institutional Clients and Raiffeisen Research

Peter Lennkh

Member of the Management Board responsible for Corporate Customers, Corporate Finance, Group Corporate Business Strategy & Steering, International Leasing Steering & Product Management and Trade Finance & Transaction Banking

Hannes Mösenbacher

Member of the Management Board responsible for Financial Institutions, Country & Portfolio Risk Management, Group Advanced Analytics, Group Compliance, Group Corporate Credit Management, Group Regulatory Affairs & Data Governance, Group Risk Controlling, Group Special Exposures Management, International Retail Risk Management and Sector Risk Controlling Services

Andrii Stepanenko

Member of the Management Board responsible for International Mass Banking, Sales & Distribution, International Premium & Private Banking, International Retail CRM, International Retail Lending, International Retail Online Banking, International Retail Payments and International Small Business Banking

Auditor's report

Report on the Consolidated Financial Statements

Audit Opinion

We have audited the consolidated financial statements of

Raiffeisen Bank International AG,
Vienna,

and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2020, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and the notes to the consolidated financial statements.

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2020, and its consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU, and the additional requirements pursuant to Sections 245a UGB (Austrian Commercial Code) and 59a BWG (Austrian Banking Act).

Basis for our Opinion

We conducted our audit in accordance with the EU Regulation 537/2014 (AP Regulation) and Austrian Standards on Auditing. These standards require the audit to be conducted in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the "Auditor´s Responsibilities" section of our report. We are independent of the audited Group in accordance with Austrian company and banking law as well as professional regulations, and we have fulfilled our other responsibilities under those relevant ethical requirements. We believe that the audit evidence we have obtained up to the date of the auditor's report is sufficient and appropriate to provide a basis for our audit opinion on this date.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, however, we do not provide a separate opinion thereon.

Recoverability of loans and advances to non-financial corporations and households

Risk for the Financial Statements

Loans and advances to non-financial corporations and households of EUR 79.0 billion are reported in the statement of financial position as financial assets – amortized cost. This is split between EUR 44.9 billion for non-financial corporations and EUR 34.1 billion for households.

As of the balance sheet date, impairments of EUR 2.5 billion were recognized for the above loans and advances, of which EUR 1.3 billion and EUR 1.2 billion relates to non-financial corporates and households, respectively.

The Management Board describes the processes for monitoring credit risk and the approach for determining impairments in Note 36 Expected Credit Losses. Also included in the notes to the financial statements are the topics Risk Report and Recognition and Measurement Principles.

As part of the credit risk monitoring process, the bank assesses whether there are any defaulted loans that require specific impairment provisions. Included in the assessment is whether clients are able to fulfil contractual repayments in full.

Impairment calculations of individually-significant loan receivables in default, are based on an analysis of expected and scenario-weighted future cash flows. This analysis is impacted by the respective customer's assessed economic situation and development, loan collateral values as well as an estimation of both the amount and timing of cash flows derived therefrom.

For loan receivables in default, which are not individually significant, the bank calculates a specific impairment provision based on shared risk characteristics. The valuation model's parameters are based on statistical historical values as well as assumptions about future risk developments.

For all other loans, a collective impairment provision is recognized for expected credit losses (ECL). In general, the 12 month ECL (Stage 1). In the event of a significant increase in the credit risk, the ECL is calculated using the total credit term (Stage 2). Extensive estimates and assumptions are required to determine the ECL. These encompass ratings-based default probabilities and loss ratios that take into account both current and forward-looking information.

As the previously applied valuation model cannot adequately reflect extraordinary circumstances, such as the COVID-19 crisis, the bank added to the provision (post model adjustments) over and above the result derived from the model. These adjustments were based on the bank's internal estimates as well as external forecasts over the economy's development.

This means that the shift in stages and the impairment provisions (taking post model adjustments into account) are, to a significant extent, based on assumptions and estimates. This results in a range of judgements and estimation uncertainties in relation to the amount of the provision of risk. Arising therefrom, is a possible risk of [material] misstatement of the required provision for credit risk.

Our Response

In auditing the recoverability of loans and advances to customers, we performed the following key audit procedures:

- We analysed existing documentation regarding processes to monitor and provide for customer loans and advances and critically assessed whether these processes are appropriate to identify loan defaults and provide for the impairment of loans and advances to customers. In addition to this, we identified the process flows and tested the design and implementation of key controls, by inspecting the IT systems and testing their effectiveness on a sample basis.

- From samples of different portfolios, we examined whether there are loan default indicators. The sample was selected using a risk-oriented approach, with special consideration given to the rating categories. From different portfolios, we selected a sample of defaults of individually significant loans and assessed the reasonableness of the bank's assumptions as well as for consistency of the timing and amount of repayments.

- For all other loans and advances, whose impairment provisions were calculated using the ECL, we compared the bank's calculation methods with IFRS 9 requirements. Furthermore, we assessed the bank's assessment of the models, to examine whether the models and their parameters appropriately calculate impairments. We assessed the appropriateness of the default probabilities for a 12 month period as well as the overall loan term and loss ratios. In particular, we assessed the appropriateness of the statistical models and parameters as well as the mathematical accuracy. In addition, the selection and measurement of forward-looking estimates and scenarios were analysed and considered, as part of the stage allocation and parameter estimation. We assessed the reasonableness of how post model adjustments are prepared, their justification as well the underlying assumptions. A sample of provisions were tested for mathematical accuracy. We involved financial risk management specialists in these procedures. We also involved IT specialists to test the operating effectiveness of specific automated IT controls related to the underlying valuation model.

- Lastly, we assessed whether the disclosures for the approach for determining impairment provisions (under Recognition and Measurement Principles) and significant assumptions and estimation uncertainties (including related sensitivity analyses) are applicable in the notes to the consolidated financial statements.

Other Information

Management is responsible for other information. Other information is all information provided in the annual report, other than the consolidated financial statements, the group management report and the auditor's report.

Our opinion on the consolidated financial statements does not cover other information and we do not provide any assurance thereon.

In conjunction with our audit, it is our responsibility to read this other information and to assess whether, based on knowledge gained during our audit, it contains any material inconsistencies with the consolidated financial statements or any apparent material misstatement of fact. If we conclude that there is a material misstatement of fact in other information, we must report that fact. We have nothing to report in this regard.

Responsibilities of Management and the Audit Committee for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU, the additional requirements pursuant to Sections 245a UGB (Austrian Commercial Code) and 59a BWG and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Management is also responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The audit committee is responsible for overseeing the Group's financial reporting process.

Auditors' Responsibility

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement – whether due to fraud or error – and to issue an auditor's report that includes our audit opinion. Reasonable assurance represents a high level of assurance, but provides no guarantee that an audit conducted in accordance with the AP Regulation and Austrian Standards on Auditing (and therefore ISAs), will always detect a material misstatement, if any. Misstatements may result from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the AP Regulation and Austrian Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit.

Moreover:

- We identify and assess the risks of material misstatement in the consolidated financial statements, whether due to fraud or error, we design and perform audit procedures responsive to those risks and obtain sufficient and appropriate audit evidence to serve as a basis for our audit opinion. The risk of not detecting material misstatements resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misprepresentations or override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- We conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the respective note in the consolidated financial statements. If such disclosures are not appropriate, we will modify our audit opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the consolidated financial statements, including the notes, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- We obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.
- We communicate with the audit committee regarding, amongst other matters, the planned scope and timing of our audit as well as significant findings, including any significant deficiencies in internal control that we identify during our audit.
- We communicate to the audit committee that we have complied with the relevant professional requirements in respect of our independence, that we will report any relationships and other events that could reasonably affect our independence and, where appropriate, the related safeguards.
- From the matters communicated with the audit committee, we determine those matters that were of most significance in the audit i.e. key audit matters. We describe these key audit matters in our auditor's report unless laws or other legal regulations preclude public disclosure about the matter or when in very rare cases, we determine that a matter should not be included in our audit report because the negative consequences of doing so would reasonably be expected to outweigh the public benefits of such communication

Report on Other Legal Requirements

Group Management Report

In accordance with Austrian company law, the group management report is to be audited as to whether it is consistent with the consolidated financial statements and prepared with legal requirements.

Management is responsible for the preparation of the group management report in accordance with Austrian Company law.

We have conducted our audit in accordance with generally accepted standards on the audit of group management reports as applied in Austria.

Opinion

In our opinion, the group management report is consistent with the consolidated financial statements and has been prepared in accordance with legal requirements. The disclosures pursuant to Section 243a UGB (Austrian Commercial Code) are appropriate.

Statement

Based on our knowledge gained in the course of the audit of the consolidated financial statements and our understanding of the Group and its environment, we did not note any material misstatements in the group management report.

Additional information in accordance with Article 10 AP Regulation

We were elected as auditors at the Annual General Meeting on 13 June 2019 and were appointed by the supervisory board on 11 July 2019 to audit the financial statements of Company for the financial year ending on 31 December 2020.

We have been auditors of the Company, without interruption, since the consolidated financial statements at 31 December 2005.

We declare that our opinion expressed in the *"Report on the Consolidated Financial Statements"* section of our report is consistent with our additional report to the Audit Committee, in accordance with Article 11 AP Regulation.

We declare that we have not provided any prohibited non-audit services (Article 5 Paragraph 1 AP Regulation) and that we have ensured our independence throughout the course of the audit, from the audited Group.

Engagement Partner

The engagement partner is Mr. Rainer Hassler.

Vienna, 26 February 2021

KPMG Austria GmbH

Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

(signed)

Rainer Hassler

Wirtschaftsprüfer

(Austrian Chartered Accountant)

This report is a translation of the original report in German, which is solely valid.

The consolidated financial statements, together with our auditor's opinion, may only be published if the consolidated financial statements and the group management report are identical with the audited version attached to this report. Section 281 Paragraph 2 UGB (Austrian Commercial Code) applies.

Service

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Publication details

Media owner, publisher
Raiffeisen Bank International AG
Am Stadtpark 9
1030 Vienna
Austria
Phone: +43-1-71 707-0
www.rbinternational.com

Editorial team: Group Investor Relations
Editorial deadline: 26 February 2021

Editing: Capital Language Communications
Production: Firesys financial reporting system
Printed by: Bösmüller

Photos:
David Sailer (page 6/7)
Martin Hörmandinger (page 9)
Raiffeisen NOE-Wien, Eva Kelety (page 12)

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The Annual Report is available online in German:
http://gb2020.rbinternational.com
The report is also available in English:
http://ar2020.rbinternational.com

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This Annual Report has been prepared and the data checked with the greatest possible care. Nonetheless, rounding, transmission, typesetting and printing errors cannot be ruled out. In the summing up of rounded amounts and percentages, rounding-off differences may occur. This Annual Report was prepared in German. The Annual Report in English is a translation of the original German report. The only authentic version is the German version.

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