Raiffeisen Bank International

First Quarter Report 2016

Survey of key data

Raiffeisen Bank International (RBI)

Monetary values in € million	2016	Change	2015
Income statement	**1/1-31/3**		**1/1-31/3**
Net interest income	718	(12.5)%	820
Net provisioning for impairment losses	(106)	(59.5)%	(260)
Net fee and commission income	347	(3.6)%	360
Net trading income	28	–	(62)
General administrative expenses	(718)	3.9%	(691)
Profit/loss before tax	229	22.0%	188
Profit/loss after tax	138	37.9%	100
Consolidated profit/loss	114	37.1%	83
Statement of financial position	**31/3**		**31/12**
Loans and advances to banks	15,099	39.3%	10,837
Loans and advances to customers	70,875	1.4%	69,921
Deposits from banks	16,823	2.8%	16,369
Deposits from customers	68,107	(1.3)%	68,991
Equity	8,658	1.8%	8,501
Assets	114,511	0.1%	114,427
Key ratios	**1/1-31/3**		**1/1-31/3**
Return on equity before tax	10.8%	1.7 PP	9.1%
Consolidated return on equity	5.8%	1.5 PP	4.3%
Cost/income ratio	65.0%	3.2 PP	61.8%
Return on assets before tax	0.87%	0.20 PP	0.67%
Net interest margin (average interest-bearing assets)	2.73%	(0.20) PP	2.94%
Provisioning ratio (average loans and advances to customers)	0.46%	(0.84) PP	1.30%
Bank-specific information	**31/3**		**31/12**
NPL ratio	11.4%	(0.5) PP	11.9%
Risk-weighted assets (total RWA)	63,093	(0.3)%	63,272
Total capital requirement	5,047	(0.3)%	5,062
Total capital	10,858	(1.2)%	10,987
Common equity tier 1 ratio (transitional)	12.0%	(0.1) PP	12.1%
Common equity tier 1 ratio (fully loaded)	11.5%	0.0 PP	11.5%
Total capital ratio (transitional)	17.2%	(0.2) PP	17.4%
Total capital ratio (fully loaded)	16.7%	0.0 PP	16.8%
Stock data	**1/1-31/3**		**1/1-31/3**
Earnings per share in €	0.39	36.8%	0.29
Closing price in € (31/3)	13.32	2.3%	13.02
High (closing prices) in €	13.95	(3.3)%	14.42
Low (closing prices) in €	10.21	13.4%	9.01
Number of shares in million (31/3)	292.98	0.0%	292.98
Market capitalization in € million (31/3)	3,901	2.3%	3,815
Resources	**31/3**		**31/12**
Employees as at reporting date (full-time equivalents)	51,704	0.4%	51,492
Business outlets	2,667	(1.4)%	2,705
Customers in million	14.9	0.1%	14.9

Content

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

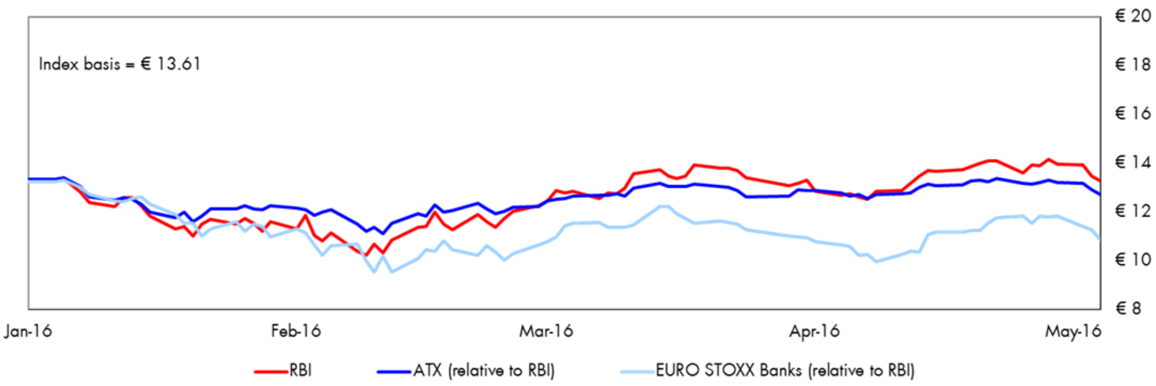
Adding and subtracting rounded amounts in tables and charts may lead to minor discrepancies. Changes in tables are not based on rounded amounts.

RBI in the capital markets

Performance of RBI stock

RBI's stock opened the first quarter at a share price of € 13.61 and closed the quarter on 31 March 2016 at € 13.32, down a modest 2.1 per cent. The EURO STOXX Banks and ATX lost 20.7 per cent and 5.3 per cent, respectively, during the same period. On 6 May (the editorial deadline for this report), RBI's stock was trading at € 13.26.

Share price performance since 1 January 2016 compared to ATX and EURO STOXX Banks



Active capital market communication

In the first quarter of 2016, RBI once again offered interested investors an opportunity to obtain first-hand information at road shows in Frankfurt, Geneva, Paris and Zurich.

On 1 February 2016, RBI announced its preliminary figures for the 2015 financial year. Around 270 participants took part in the subsequent conference call. To mark the 16 March release of RBI's final results for the 2015 financial year, the Management Board met with investors in Vienna and in addition held a conference call with over 250 participants. On the following day, RBI invited institutional investors and analysts to its Investor Presentation in London. The event, which has for a number of years taken place on the day following the publication of the full-year results, met with keen interest among the more than 100 participants.

The telephone conferences, as well as the Investor Presentation in London, can be viewed on the company's website at www.rbinternational.com → Investor Relations → Presentations & Webcasts.

A total of 28 equity analysts and 21 debt analysts regularly provide investment recommendations on RBI, making RBI the Austrian company on which the greatest number of analyst teams regularly report.

Stock data and details

RBI's stock has been listed on the Vienna Stock Exchange since 25 April 2005. RZB held approximately 60.7 per cent of RBI's stock at the end of the first quarter of 2016, with the remaining shares in free float.

Share price at 31 March 2016	€ 13.32
High/low (closing price) in the first quarter of 2016	€ 13.95/€ 10.21
Earnings per share for first quarter of 2016	€ 0.39
Bookvalue per share as at 31 March 2016	€ 27.69
Market capitalization as at 31 March 2016	€ 3.9 billion
Average daily trading volume (single count) in the first quarter of 2016	951,209 shares
Stock exchange turnover in the first quarter of 2016	€ 697 million
Free float as at 31 March 2016	approximately 39.3%
ISIN	AT0000606306
Ticker symbols	RBI (Vienna Stock Exchange)
	RBI AV (Bloomberg)
	RBIV.VI (Reuters)
Market segment	Prime market
Number of shares issued as at 31 March 2016	292,979,038

Rating details

Rating Agency	Long-term rating	Outlook	Short-term rating
Moody's Investors Service	Baa2	negative	P-2
Standard & Poor's	BBB	negative	A-2

Financial Calendar 2016

12 May 2016	First Quarter Report, Conference Call
06 June 2016	Record Date Annual General Meeting
16 June 2016	Annual General Meeting
04 August 2016	Start of Quiet Period
18 August 2016	Semi-Annual Report, Conference Call
02 November 2016	Start of Quiet Period
16 November 2016	Third Quarter Report, Conference Call

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Group management report

Market development

Following a positive year on the stock market, investors were taken by surprise in the first quarter of 2016, mainly due to the market turmoil in China and weak US economic data, which temporarily gave rise to doubts about global economic growth, however these subsequently eased. Tailwinds for equity indices continue to come primarily from central banks. The low interest rate environment in the US and in Western Europe is spreading to countries in Central Europe (CE) and Southeastern Europe (SEE), where key interest rates and bond yields are at historical lows. The ECB's expansionary monetary policy should continue to indirectly support the CE and SEE financial markets in the short term. Most CEE currencies are currently showing a stable trend against the euro, with devaluation risks relating primarily to the Ukrainian hryvnia and Belarus rouble. In Russia, the stabilization of the rouble, as well as significantly lower inflation, is opening up room for rate cuts, with the key rate in Russia expected to fall from 11 per cent at the end of the first quarter to 10 per cent in the second half of 2016.

In 2015, the Austrian economy overcame its stagnation phase to achieve 0.9 per cent growth. Real GDP is expected to increase 1.4 per cent in 2016, reflecting a moderate pick-up in economic growth momentum. The economy should continue to be supported by domestic demand.

Strong economic indicators in the first quarter of 2016 indicate that the CE region will register robust economic growth for the full year, albeit with growth weakening in some countries following a very good 2015. The outlook for the SEE region is likewise positive, as the upturn across SEE countries continues. In the Eastern Europe (EE) region, Russia and Belarus will remain in the grips of recession in 2016, whereas Ukraine looks set to post renewed growth of 1.5 per cent. Western sanctions against Russia, as well as restrictions on food imports from the EU to Russia, have no material impact on economic growth – either in the euro area or in CE and SEE – owing to the marginal level of direct interdependence. This scenario includes the continuation of EU sanctions against Russia in 2016.

Central Europe (CE) – the Czech Republic, Hungary, Poland, Slovakia, and Slovenia – is the most economically developed CEE region. With the exception of Poland, CE economies are small, open and highly dependent on exports, primarily to Germany. Following a 3.6 per cent increase in 2015, economic growth in CE is expected to reach 3.1 per cent in 2016. The strongest GDP growth – 3.8 per cent – is expected in Poland, followed by Slovakia at 3.5 per cent, Slovenia and Hungary at approximately 2.2 per cent each, and the Czech Republic at 2 per cent. In general, the CE region benefits from solid economic growth in Germany and the euro area, as well as expansionary monetary policies in a number of CE countries. Nevertheless, GDP growth rates in 2016 will probably be slightly below 2015 levels and driven by cyclical factors such as the decline in EU transfer payments. Inflation rates are expected to be slightly higher, albeit remaining at historically very moderate levels. This implies a continuation of expansionary monetary policy in CE.

In Southeastern Europe (SEE) – Albania, Bosnia and Herzegovina, Bulgaria, Croatia, Kosovo, Romania, and Serbia – economic output is expected to grow 3.1 per cent in 2016, compared to 2.8 per cent in 2015. In Romania, which is benefitting from tax breaks and strong wage growth, GDP growth of roughly 4.0 per cent is expected in 2016. In Albania an increase of around 3.5 per cent is expected. Economic growth will be somewhat weaker in most other SEE countries in 2016. Croatia and Serbia should post positive growth rates in 2016 for the second consecutive year. More moderate economic growth in parts of the SEE region is attributable to structural adjustments that are still outstanding, as well as to the high level of private sector debt, which is only slowly coming down. For 2017, positive growth rates are anticipated for all SEE countries, with debt reduction from recent years likely to support economic growth.

Economic conditions remain difficult in Eastern Europe (EE) – Belarus, Russia and Ukraine – despite signs of a certain degree of economic stabilization being visible in the second half of 2015. The region's GDP is expected to contract 1.8 per cent in 2016, following minus 4.1 per cent in 2015. In line with expectations, Russia's economic slowdown, which was already discernible in 2013 and 2014, deepened into a recession in 2015 owing to downward pressure on the oil price and sanctions. Russia's economic output is expected to shrink a further 2.0 per cent in the current year. Consumer demand in Russia fell sharply on the back of declining real wages while the lower year-on-year oil price is eroding export revenues. Although the inflation rate fell significantly in the first quarter of 2016, it may increase again slightly during the course of the year. Furthermore, significant currency devaluations in Russia and Ukraine are weighing on consumption and investment in both countries, while exports have only benefited to a limited degree from the increased price competitiveness of Russian and Ukrainian products. In Ukraine, subdued growth of 1.5 per cent is expected this year, following an adjustment recession in 2015 when GDP declined 9.9 per cent. Belarus, which is heavily impacted by the recession in Russia, is expected to report a GDP decline of 2.0 per cent in 2016 – similar to Russia. Depending on developments in Russia, 2017 could also turn out to be a challenging year for Belarus. In Russia, we currently expect to see only a gradual improvement of the economic situation in 2016, even if the oil price stabilizes sufficiently.

Annual real GDP growth in per cent

Region/country	2014	2015	2016e	2017f
Czech Republic	2.0	4.3	2.0	2.9
Hungary	3.7	2.9	2.2	2.9
Poland	3.3	3.6	3.8	3.4
Slovakia	2.5	3.6	3.5	3.5
Slovenia	3.0	2.9	2.2	2.1
Central Europe	**3.0**	**3.6**	**3.1**	**3.2**
Albania	2.0	2.7	3.5	4.0
Bosnia and Herzegovina	1.1	2.0	3.0	3.5
Bulgaria	1.5	3.0	2.1	3.0
Croatia	(0.4)	1.6	1.5	1.5
Kosovo	0.9	3.0	3.0	3.5
Romania	3.0	3.7	4.0	3.6
Serbia	(1.8)	0.5	2.5	3.0
Southeastern Europe	**1.6**	**2.8**	**3.1**	**3.2**
Russia	0.7	(3.7)	(2.0)	1.5
Belarus	1.7	(3.9)	(2.0)	1.5
Ukraine	(6.6)	(9.9)	1.5	2.0
Eastern Europe	**0.3**	**(4.1)**	**(1.8)**	**1.5**
Austria	**0.4**	**0.9**	**1.4**	**1.4**
Germany	**1.6**	**1.4**	**1.8**	**1.8**
Euro area	**0.9**	**1.6**	**1.4**	**1.7**

Source: Raiffeisen Research

Earnings and financial performance

The current financial year continues to be marked by a persistently low interest rate environment in the euro area and in other RBI markets. Due to subdued demand for credit and to more conservative credit limits – adjusted to RBI's transformation program – a high level of structural liquidity is currently available. Because of the low interest rates, however, income from investment of the excess liquidity was lower than in previous years. Moreover, regulatory and political costs continued to weigh heavily on the Group. Given that, in accordance with IFRS requirements (IFRIC 21), some of these levies must be recognized in full at the beginning of the year, first quarter results were disproportionately affected.

Consolidated profit rose 37 per cent year-on-year, or € 31 million, to € 114 million in the first quarter of 2016. The increase in profit was mainly driven by the approximately 60 per cent lower net provisioning for impairment losses of € 106 million. In addition, negative net trading income was posted in the previous year resulting from the foreign currency positions in Ukraine and foreign currency dividend hedges.

Operating income was down 1 per cent year-on-year, or € 14 million, to € 1,104 million, with net interest income posting a further decline – down 13 per cent to € 718 million – due to the historically low interest rate level mentioned above. In addition to a volume reduction of 7 per cent, this was primarily attributable to the net interest margin, which fell 20 basis points year-on-year to 2.73 per cent. Roughly one third of the decline in income resulted from currency devaluations, particularly in Russia. In contrast, net trading income was up € 90 million to € 28 million. In the previous year, net trading income was significantly impacted by currency devaluations in Ukraine. The decline in net fee and commission income was moderate, down 4 per cent to € 347 million, mainly due to currency effects.

General administrative expenses rose 4 per cent year-on-year to € 718 million. Despite a reduction in employees, staff expenses were nearly unchanged at € 347 million as salary increases were implemented in several markets. The average number of employees dropped 3,337 year-on-year to 51,706. Other administrative expenses were up 10 per cent to € 302 million. This was chiefly due to the contributions to the resolution fund (up € 35 million), which under IFRS are to be recognized in the first quarter for the full 2016 financial year. The number of business outlets was down 184 year-on-year to 2,667, primarily as a result of outlet closures in Ukraine.

Total assets remained nearly unchanged since the start of the year at € 114,511 million. Lending to customers increased 1 per cent, in the first quarter of 2016, mainly due to short-term loans and advances to institutional customers. Growth in the retail business came to € 0.2 billion owing to the acquisition of a loan portfolio in the Czech Republic. In contrast, the volume of securities decreased € 0.9 billion, predominantly resulting from a decline in the portfolio of government bonds in Poland and Romania. On the liabilities side, customer deposits were down € 0.9 billion due to repricing measures.

Equity including capital attributable to non-controlling interests recorded an increase of € 157 million, to € 8,658 million. Equity increased as a result of profit after tax of € 138 million and of other comprehensive income of € 35 million. Exchange rate differences, which amounted to € 28 million in the reporting period (Q1/2015: € 284 million), constituted the largest item in other comprehensive income.

In terms of regulatory capital, the key metrics changed as follows: Common equity tier 1 (after deductions) was € 7,560 million at the end of the period. The reported decline versus year-end 2015 came to € 111 million. Total capital pursuant to the CRR amounted to € 10,858 million, which represents a decrease of € 129 million compared to the 2015 year-end figure. Risk-weighted assets (total) reduced € 179 million to € 63,093 million. Based on total risk, the common equity tier 1 ratio (transitional) and total capital ratio (transitional) stood at 12.0 per cent and17.2 per cent, respectively. Excluding the transitional provisions as defined within the CRR, the common equity tier 1 ratio (fully loaded) amounted to 11.5 per cent and the total capital ratio (fully loaded) came to 16.7 per cent.

Comparison of results year-on-year

in € million	1/1-31/3/2016	1/1-31/3/2015	Change absolute	Change in %
Net interest income	718	820	(102)	(12.5)%
Net fee and commission income	347	360	(13)	(3.6)%
Net trading income	28	(62)	90	–
Recurring other net operating income	11	0	11	>500.0%
Operating income	**1,104**	**1,118**	**(14)**	**(1.2)%**
Staff expenses	(347)	(345)	(2)	0.5%
Other administrative expenses	(302)	(274)	(28)	10.1%
Depreciation	(68)	(71)	2	(3.3)%
General administrative expenses	**(718)**	**(691)**	**(27)**	**3.9%**
Operating result	**386**	**427**	**(41)**	**(9.6)%**
Net provisioning for impairment losses	(106)	(260)	155	(59.5)%
Other results	(52)	21	(72)	–
Profit/loss before tax	**229**	**188**	**41**	**22.0%**
Income taxes	(91)	(88)	(4)	4.0%
Profit/loss after tax	**138**	**100**	**38**	**37.9%**
Profit attributable to non-controlling interests	(24)	(17)	(7)	41.8%
Consolidated profit/loss	**114**	**83**	**31**	**37.1%**

Operating income

Net interest income

In the first three months of 2016, net interest income fell 13 per cent, or € 102 million, to € 718 million. This was primarily attributable to continuing low market interest rates in many of the Group's countries and to the existing excess liquidity. A volume-based decline at Group head office and in Asia also contributed to the decline in net interest income.

The Group's net interest margin declined 20 basis points year-on-year to 2.73 per cent. In addition to the aforementioned low market interest rates, around one third of the decline was attributable to currency effects in Eastern Europe.

In the Central Europe segment, net interest income fell 4 per cent, or € 6 million, to € 161 million. In Hungary, net interest income declined € 5 million as a result of the low market interest rate level. In Slovakia, lower interest rates also reduced net interest income by € 2 million. In contrast, the Czech Republic reported a slight rise, of € 1 million, in net interest income. In the Southeastern Europe segment, net interest income fell 6 per cent, or € 12 million, to € 180 million. All countries in this segment – with the exception of Bosnia and Herzegovina – reported declines in net interest income; these declines were mainly attributable to the continuing low interest rate level. The Eastern Europe segment reported a 19 per cent, or € 46 million, decrease in net interest income to € 203 million. This was primarily attributable to a 26 per cent, or € 45 million, drop in net interest income to € 130 million in Russia – this was due to a € 51 million reduction in interest income from financial derivatives as well as lower interest income from loans and advances to customers driven by volume and margin developments, partially offset by similarly reduced interest expenses. In Ukraine, the 4 per cent, or € 2 million, decline in net interest income to € 40 million was currency related; in local currency terms, net interest income rose by 15 per cent. In Belarus, net interest income rose slightly by € 1 million to € 32 million. In the Non-Core segment, net interest income fell 19 per cent, or € 20 million, to € 86 million, with Asia reporting the largest decline of 50 per cent, or € 15 million, to € 15 million due to reduced volumes. In Poland, the continuing low market interest rate level reduced net interest income by 3 per cent, or € 2 million, to € 62 million.

Net fee and commission income

Due to the currency devaluations in Eastern Europe and to lower sales in Central Europe, net fee and commission income fell 4 per cent year-on-year, or € 13 million, to € 347 million. Net income from the loan and guarantee business fell € 7 million to € 41 million; aside from currency effects, this was also due to the withdrawal from the automobile financing business in Russia, the restriction on early loan repayments in Slovakia, as well as volume reductions in Asia. Net income from the securities business also fell € 4 million to € 31 million, most notably in Hungary, Romania and Russia. Net income from the foreign currency, notes/coins and precious metals business fell 5 per cent, or € 4 million, to € 88 million due to currency and volume effects – mainly in Ukraine, Russia and Slovakia. In contrast, net income from other banking services rose € 4 million to € 17 million, primarily in Russia and at Group head office. Net income from the sale of own and third-party products grew 35 per cent, or € 4 million, to € 15 million, predominantly due to higher income in Romania, Poland and Russia.

Net trading income

Net trading income increased € 90 million year-on-year to € 28 million. Currency-based transactions rose € 165 million to € 16 million, primarily as a result of a smaller Ukrainian hryvnia devaluation and improved foreign currency positioning in Ukraine (€ 97 million increase). Another positive effect was attributable to the discontinuation of a hedging transaction for Russian rouble denominated dividend income, which had resulted in a € 53 million reduction in the previous year. Net trading income also increased due to valuation gains on derivatives and securities positions in Poland, while Belarus (due to closure of a strategic currency position), Group head office and Russia reported declines. Interest-based business decreased € 50 million to € 26 million, primarily due to valuation losses and lower interest income from financial derivatives and securities positions at Group head office and in Poland. Net income from equity and index-based transactions also fell € 19 million to minus € 8 million, as a result of an adjustment of the yield curve due to changed market conditions.

Recurring other net operating income

Recurring other net operating income rose € 11 million year-on-year to € 11 million. Net income from non-banking activities improved € 4 million, primarily from a Group unit in Serbia. The sale of the card acquiring business (POS terminals) in the Czech Republic produced proceeds of € 8 million. This contrasted with a higher other tax expense of € 4 million, resulting from a provision for other taxes relating to previous periods at Group head office.

General administrative expenses

Compared to the same period last year, general administrative expenses climbed € 27 million to € 718 million. The cost/income ratio increased 3.2 percentage points to 65.0 per cent, not least due to the lower net interest income.

Staff expenses

At 48 per cent, the largest component in general administrative expenses was staff expenses, which increased 1 per cent, or € 2 million, to € 347 million. In Russia and Ukraine, the rise was attributable to salary increases and associated wage costs, however were mitigated by currency effects. In the Czech Republic, increased staff levels and salary adjustments led to an increase of 13 per cent or € 3 million. In Slovakia, staff expenses rose 6 per cent, or € 2 million, due to an expansion of the branch network. In Poland, the reporting of non-recurring expenses relating to the optimization of the branch network accounted for a 7 per cent, or € 3 million, increase. In Romania, the increase of 5 per cent, or € 1 million, was attributable to salary increases and the inclusion of contract workers. Group head office reported a 2 per cent rise due to a change in the salary scheme. Decreases in staff expenses were reported in Asia (29 per cent decline) and in Hungary (9 per cent decline), due to staff reductions.

The average number of staff (full-time equivalents) fell 3,337 year-on-year to 51,706. The largest declines occurred in Ukraine (down 1,837), Russia (down 913), Poland (down 334), Hungary (down 266) and Bulgaria (down 168).

Other administrative expenses

Other administrative expenses increased 10 per cent, or € 28 million, to € 302 million. This was mainly attributable to the contributions to the resolution fund of € 46 million (up € 35 million), which are to be booked upfront in the first quarter for the full year 2016 in accordance with IFRS provisions. This contrasted with reduced office space expenses (down € 5 million) due to branch closures. The number of business outlets fell 184 year-on-year to 2,667, most notably in Ukraine (down 93), Hungary (down 42) and Russia and Poland (each down 29). Furthermore, lower legal, advisory and consultancy expenses resulted in a € 4 million reduction.

Depreciation of tangible and intangible fixed assets

Depreciation of tangible and intangible fixed assets fell 3 per cent year-on-year, or € 2 million, to € 68 million. Depreciation of both tangible assets and intangible fixed assets fell in a number of countries. In addition, Slovenia reported an impairment charge in relation to a building (€ 1 million).

Net provisioning for impairment losses

Compared to the same period of the previous year, net provisioning for impairment losses fell by a total of 59 per cent, or € 155 million, to € 106 million. This was due to a € 102 million reduction in individual loan loss provisioning to € 117 million. There was a net release of € 11 million of portfolio-based provisions in the reporting period, an improvement of € 53 million, primarily due to developments in Hungary (€ 33 million) due to specific factors in the same period last year (Settlement Act) and in Russia (€ 21 million) due to the default of two corporate customers.

The majority of net provisioning for impairment losses in the reporting period was attributable to corporate customers, for which provisions of € 75 million were required, while for retail customers this amounted to € 41 million.

The largest decline in net provisioning for impairment losses was recorded in Ukraine, where the provisioning requirement fell € 71 million year-on-year to € 10 million. In the same period of the previous year, higher allocations for retail and corporate customers were necessary due to the economic situation in the Donbass region; in addition, currency effects had a reduced influence in the reporting period. In the Group Corporates segment, net provisioning for impairment losses for large corporate customers fell € 44 million to € 3 million. The credit risk situation also improved in the countries of Central and Southeastern Europe. Net provisioning for impairment losses in Central Europe declined € 19 million year-on-year to € 3 million, primarily due to a reduced provisioning requirement in Hungary for both retail and corporate customers. In Southeastern Europe, net provisioning for impairment losses fell € 18 million to € 23 million. Significant declines occurred in almost all markets in the segment, especially in Bulgaria (minus € 12 million) and Croatia (minus € 10 million) in the corporate customer business. In contrast, the default of some large corporate customers in Albania resulted in a € 25 million increase.

The portfolio of non-performing loans fell € 222 million since the start of the year to € 8,106 million. Currency effects resulted in a decline of € 120 million. The actual reduction in non-performing loans on a currency-adjusted basis was therefore € 103 million. The largest declines were reported in the Group Corporates segment (down € 139 million), Ukraine (down € 89 million), Group Markets (down € 74 million), Asia (down € 24 million) and Croatia (down € 19 million). This contrasted with increases in Russia (up € 112 million), in the Czech Republic (up € 76 million), in Poland (up € 36 million) and in Hungary (up € 33 million). In the reporting period, the NPL ratio fell 0.5 percentage points to 11.4 per cent compared to year-end 2015. Non-performing loans compared to loan loss provisions of € 5,688 million, resulting in a NPL coverage ratio of 70.2 per cent, down from 71.3 per cent at the year-end.

The provisioning ratio, based on average volume of loans and advances to customers, fell 0.84 percentage points year-on-year to 0.46 per cent.

Other results

Other results – consisting of net income from derivatives and liabilities, net income from financial investments, bank levies reported in other operating income/expenses, non-recurring effects, goodwill impairments and income from the release of negative goodwill as well as net income from the disposal of Group assets – fell € 72 million year-on-year to minus € 52 million.

Net income from derivatives and liabilities

Net income from derivatives and liabilities fell from plus € 20 million in the previous year's period to minus € 27 million in the reporting period. The decline was attributable to a change of € 28 million resulting from the credit spread on own liabilities and of € 19 million in net income from the valuation of banking book derivatives for hedging purposes, primarily at Group head office.

Net income from financial investments

Net income from financial investments fell € 38 million year-on-year to € 26 million. The valuation of securities in the fair value portfolio declined € 62 million. Of this, € 58 million was attributable to valuation results on fixed-income government bonds linked to the US dollar in Ukraine posted in the previous year. In contrast, net proceeds from the sale of securities from the fair value portfolio improved € 5 million to € 2 million, caused by lower losses on the sale of bonds in Russia. The sale of securities held-to-maturity at Group head office contributed € 13 million. A € 7 million reduction in impairment charges was primarily responsible for the improvement in net income from equity participations.

Bank levies and non-recurring effects

The expense for bank levies fell € 15 million year-on-year to € 49 million. Declines were reported due to the halving of the bank levy in Hungary (€ 20 million decline). In accordance with IFRS provisions (IFRIC 21), the total annual amount of the bank levy in Hungary was booked at the start of the year. There were also expenses of € 7 million for the newly-introduced bank levy in Poland.

In September 2015, the Croatian Parliament adopted a law on the mandatory conversion of loans denominated in Swiss francs at the historical rates at the time of lending. The resulting losses will be entirely borne by the lending banks. Although RBI immediately took legal measures, a provision totaling € 77 million was posted in September 2015. Further expenses of € 3 million were booked in relation to the implementation of the new law in the first quarter of 2016.

Net income from the disposal of Group assets

In the reporting period, net income from the disposal of Group assets amounted to € 2 million. Net income from the disposal of Group assets recorded in 2016, derived mainly from deconsolidation on the grounds of immateriality. In the Czech Republic, a Group unit was sold in the reporting period.

Income taxes

Income tax expense increased € 4 million year-on-year to € 91 million. Current tax expense declined € 8 million year-on-year, due to reduced taxable profits in some Group units, while deferred taxes increased € 12 million. The tax rate of 40 per cent, compared to 47 per cent in the same period last year, remained high and was primarily attributable to expenses not deductible for tax purposes, mainly at Group head office and in Albania, as well as to loss carryforwards which cannot be capitalized for tax purposes at Group head office.

Comparison of results with the previous quarter

in € million	Q1/2016	Q4/2015	Change absolute	Change in %
Net interest income	718	832	(114)	(13.7)%
Net fee and commission income	347	390	(44)	(11.2)%
Net trading income	28	29	0	(1.3)%
Recurring other net operating income	11	18	(6)	(35.6)%
Operating income	**1,104**	**1,269**	**(165)**	**(13.0)%**
Staff expenses	(347)	(381)	34	(9.0)%
Other administrative expenses	(302)	(314)	11	(3.6)%
Depreciation	(68)	(118)	50	(42.0)%
General administrative expenses	**(718)**	**(813)**	**95**	**(11.7)%**
Operating result	**386**	**456**	**(69)**	**(15.2)%**
Net provisioning for impairment losses	(106)	(469)	364	(77.5)%
Other results	(52)	16	(68)	–
Profit/loss before tax	**229**	**3**	**226**	**>500.0%**
Income taxes	(91)	(83)	(8)	9.3%
Profit/loss after tax	**138**	**(81)**	**218**	**–**
Profit attributable to non-controlling interests	(24)	(2)	(21)	>500.0%
Consolidated profit/loss	**114**	**(83)**	**197**	**–**

Operating income

Net interest income

Compared to the fourth quarter of 2015, net interest income fell 14 per cent, or € 114 million, to € 718 million in the first quarter of 2016. The net interest margin (calculated on interest-bearing assets) fell 34 basis points from the previous quarter to 2.73 per cent. A primary cause, accounting for half of this development, was the € 61 million decline in current income from shares in affiliated companies. Other contributory factors included the continuing low interest rate level in almost all markets except Eastern Europe and a volume and currency-driven reduction in net interest income in Russia (€ 17 million decline in interest income from financial derivatives). Group head office also reported a € 14 million reduction due to declining volumes and lower investment income resulting from the low interest rates.

Net fee and commission income

Net fee and commission income decreased 11 per cent, or € 44 million, to € 347 million compared to the fourth quarter of 2015, primarily due to exchange rate movements. Net income from the payment transfer business posted the largest decline, down 16 per cent, or € 28 million, to € 146 million, caused by lower fee and commission income from the credit card business and currency-related and seasonal effects in Russia, Ukraine, Hungary and Slovakia. Net income from the foreign currency, notes/coins and precious metals business fell € 8 million to € 88 million due to seasonal factors, primarily in Poland and Romania. Net income from loan and guarantee business also declined – by 15 per cent, or € 7 million, to € 41 million – primarily at Group head office and in Russia.

Net trading income

Net trading income remained almost unchanged on the previous quarter. Net income from currency-based transactions increased € 11 million to € 16 million, primarily due to valuation gains on foreign currency positions mainly in Asia and Ukraine, and due to improved net income from proprietary trading in Belarus. This contrasted with losses from financial derivatives and valuation losses on foreign currency positions at Group head office due to exchange rate movements. Net income from interest-based transactions declined € 10 million to € 26 million, caused by reduced income and valuation losses on financial derivatives at Group head office and in the Czech Republic, while Russia posted valuation gains on securities positions.

Recurring other net operating income

In the first quarter of 2016, recurring other net operating income dropped € 6 million to € 11 million compared to the previous quarter. Income reduced due to expenses from other taxes of € 5 million (provision for earlier periods) and from the € 15 million reduction in other operating income, largely at Group head office due to seasonal rises in payments in the fourth quarter. In contrast, lower allocations for other provisions (€ 3 million decline) were reported in the period under review, and net income from non-banking activities rose € 7 million.

General administrative expenses

At € 718 million in the first quarter of 2016, general administrative expenses were down 12 per cent, or € 95 million, from € 813 million in the previous quarter.

Staff expenses fell 9 per cent, or € 34 million, to € 347 million in the first quarter of 2016. This was primarily attributable to lower provisions for the termination of employment contracts and to a change in the salary scheme, which had increased expenses in the fourth quarter of 2015.

Other administrative expenses fell 4 per cent, or € 11 million, to € 302 million. The decline was attributable to reduced advertising expenses and deposit insurance fees. In addition, Poland reported higher deposit insurance fees in the fourth quarter in connection with the default of a Polish bank as well as contributions to a fund to protect mortgage borrowers. This contrasted with the contributions to the resolution fund of € 46 million, which are to be booked for the entire year in the first quarter (IFRIC 21).

Depreciation of tangible and intangible fixed assets declined 42 per cent, or € 50 million, from the previous quarter to € 68 million. In addition to reduced depreciation, this was also attributable to impairment charges, which were recognized for the Polbank brand and for buildings in Ukraine, Russia and Slovakia in the fourth quarter.

Net provisioning for impairment losses

Compared to the previous quarter, net provisioning for impairment losses declined 77 per cent, or € 364 million, to € 106 million. The large difference is seasonally related, as lower provisioning is to be expected in the first quarter due to the adjusting events after the reporting period for the annual financial statement. The reduction was mainly attributable to the developments in corporate customer business in Asia (€ 208 million decline) and to developments in Ukraine (€ 48 million decline). Significant improvements were also reported in the countries of Southeastern Europe (€ 43 million) and Central Europe (€ 40 million). Overall, individual loan loss provisioning fell € 384 million to € 117 million, while net releases of portfolio-based loan loss provisions fell € 20 million to € 11 million.

The portfolio of non-performing loans fell by a total of € 222 million to € 8,106 million; the organic decline amounted to € 102 million. Reductions in Group Corporates (down € 139 million), Ukraine (down € 89 million), Group Markets (down € 74 million), Asia (down € 24 million) and Croatia (down € 19 million) contrasted with additions in Russia (up € 112 million), the Czech Republic (up € 76 million), Poland (up € 36 million) and Hungary (up € 33 million). The NPL ratio declined compared to the previous quarter, from 11.9 per cent to 11.4 per cent. The NPL coverage ratio fell from 71.3 per cent in the fourth quarter of 2015 to 70.2 per cent.

Other results

Other results fell from plus € 16 million in the fourth quarter of 2015 to minus € 52 million in the first quarter of 2016.

Net income from derivatives and liabilities

Net income from derivatives and liabilities declined € 13 million compared to the previous quarter to minus € 28 million. While net income from the change in the credit spread of own issues was up € 21 million, negative valuation results were posted on banking book derivatives.

Net income from financial investments

Net income from financial investments rose € 26 million on the previous quarter to € 26 million. This was primarily due to a € 37 million reduction in impairment charges for equity participations and to a € 6 million increase in the valuation of securities in the fair value portfolio in the reporting period. In contrast, net proceeds from sales of securities held in the fair value portfolio were € 21 million lower compared to the previous quarter, mainly at Group head office.

Bank levies and non-recurring effects

Bank levies amounted to € 49 million in the first quarter of 2016 (previous quarter: € 26 million). This expense was largely attributable to the formation of provisions in Poland (€ 7 million) and in Hungary (€ 19 million). In Hungary, the expense for the entire year was posted upfront in the first quarter of 2016.

In Hungary, the fourth quarter 2015 implementation of the Settlement Act, adopted by the government in the previous year, resulted in a € 29 million partial release of a provision formed for this purpose. No further results were posted in relation to this in the first quarter of 2016.

In Croatia, the parliament passed a law in September 2015 on the compulsory conversion of Swiss franc loans at the historical rates prevailing at the time of the lending. The resulting losses are entirely borne by the lending banks. In the fourth quarter of 2015 this led to a non-recurring effect in the form of a provision of € 2 million in sundry operating expenses. In relation to the implementation in the first quarter of 2016, further expenses of € 3 million were booked. Overall, this government measure resulted in an expense of € 80 million for RBI.

Net income from the disposal of Group assets

In the reporting period, net income from the disposal of Group assets amounted to € 2 million, following net income of € 34 million in the fourth quarter 2015 mainly due to the disposal of the Russian pension fund business and a provision for the sale of the Slovenian subsidiary (in accordance with IFRS 5).

Statement of financial position

Total assets remained nearly stable at € 114,511 million since the start of the year. Due to currency effects – mainly from the devaluation of the US dollar (down 4 per cent) – total assets fell € 0.7 billion. Effects from additions to and disposals from the consolidated Group were negligible on balance.

Assets

in € million	31/3/2016	Share	31/12/2015	Share
Loans and advances to banks (less impairment losses)	14,983	13.1%	10,717	9.4%
Loans and advances to customers (less impairment losses)	65,187	56.9%	63,986	55.9%
Financial investments	16,931	14.8%	18,225	15.9%
Other assets	17,410	15.2%	21,498	18.8%
Total assets	**114,511**	**100.0%**	**114,427**	**100.0%**

Loans and advances to banks before deduction of loan loss provisions increased 39 per cent since the start of the year, or € 4,262 million, to € 15,099 million. This was mainly due to the increase in short-term receivables from money market business as well as from the giro and clearing business at Group head office, while the cash reserve decreased. At the same time, receivables from repurchase agreements were up € 5,535 million to € 6,714 million, while receivables from securities lending transactions increased € 266 million, to € 267 million.

Loans and advances to customers before deduction of loan loss provisions grew 1 per cent, or € 954 million, to € 70,875 million, with loans to large corporate customers – predominantly repo transactions at Group head office – recording an increase of 2 per cent, or € 774 million, to € 42,459 million. Loans and advances to retail customers (private individuals as well as small and medium-sized entities) posted an increase of € 214 million to € 24,849 million. This mainly resulted from a portfolio acquisition in the Czech Republic.

The item financial investments registered a decrease of € 1,294 million in total to € 16,931 million, primarily due to the reduction in the securities portfolio (predominantly public sector bonds eligible for refinancing) in Poland and Romania.

The € 4,088 million decline in other assets to € 17,410 million resulted from the reduction in the cash reserve.

Equity and liabilities

in € million	31/3/2016	Share	31/12/2015	Share
Deposits from banks	16,823	14.7%	16,369	14.3%
Deposits from customers	68,107	59.5%	68,991	60.3%
Equity and subordinated capital	12,892	11.3%	12,665	11.1%
Other liabilities	16,690	14.6%	16,401	14.3%
Total equity and liabilities	**114,511**	**100.0%**	**114,427**	**100.0%**

Deposits from customers fell € 884 million to € 68,107 million. Deposits from large corporate customers decreased € 863 million to € 29,781 million, with the largest declines occurring in Poland (deposit reductions to optimize the balance sheet structure) and in Romania (large corporate customers). Similarly, public sector deposits – predominantly at Group head office – decreased € 278 million to € 1,435 million. In contrast, deposits from retail customers posted an increase of € 455 million, to € 34,099 million, largely as a result of an increase in the Czech Republic due to the acquisition of a business unit.

The funding structure was as follows:

in € million	31/3/2016	Share	31/12/2015	Share
Customer deposits	68,107	70.6%	68,991	71.1%
Medium- and long-term refinancing	12,395	12.8%	12,945	13.3%
Short-term refinancing	11,744	12.2%	10,926	11.3%
Subordinated liabilities	4,234	4.4%	4,164	4.3%
Total	**96,480**	**100.0%**	**97,026**	**100.0%**

The ratio of customer loans to customer deposits improved 2 percentage points since the start of the year to 94 per cent. Excluding the Non-Core segment, it would have been at 91 per cent.

Equity on the statement of financial position

Equity on the statement of financial position, consisting of consolidated equity, consolidated profit and non-controlling interests, increased 2 per cent versus the end of 2015, or € 157 million, to € 8,658 million. The increase was mainly due to total comprehensive income whereas dividend payments to non-controlling interests in Belarus resulted in a € 3 million reduction in capital.

Total comprehensive income of € 173 million consisted of profit after tax of € 138 million and other comprehensive income of € 35 million. Exchange rate differences of € 28 million constituted the largest item in other comprehensive income. The key drivers here were the 6 per cent appreciation of the Russian rouble and the 1 per cent appreciation of both the Romanian leu and Croatian kuna whereas the Belarus rouble and Ukrainian hryvnia depreciated 11 per cent and 12 per cent, respectively. In the comparable period of the previous year, a positive effect of € 284 million resulted in particular from the appreciation of the Russian rouble and Polish zloty. There was a negative result from a capital hedge of € 13 million. The cash flow hedge and deferred taxes each increased other comprehensive income by € 9 million.

Total capital pursuant to the CRR/BWG

The consolidated figures shown below have been calculated in accordance with the provisions of the Capital Requirements Regulation (CRR) and Austrian Banking Act (BWG).

Total capital amounted to € 10,858 million as at 31 March 2016. This represents a decline of € 129 million compared to the 2015 year-end figure, resulting mostly from the changed transitional provisions for 2016. Common equity tier 1 (after deductions) decreased € 111 million. Exchange rate differences had a positive impact on total capital, primarily the appreciation of the Russian rouble which contributed € 28 million. Tier 2 capital was down € 18 million to € 3,297 million, due to currency developments.

Total capital compared to a total capital requirement of € 5,047 million. The total capital requirement for credit risk came to € 4,094 million, corresponding to a decline of € 23 million. This was mainly attributable to exposure reductions and a rating improvement in Belarus. Updated data for operating income, as well as changes to the consolidated Group, resulted in an increase in the total capital requirement for operational risk of € 6 million to € 710 million. The total capital requirement for position risk in bonds, equities, commodities and currencies recorded a marginal increase to € 244 million.

Based on total risk, the common equity tier 1 ratio (transitional) was 12.0 per cent while the total capital ratio (transitional) was 17.2 per cent.

Excluding the transitional provisions as defined within the CRR, the common equity tier 1 ratio (fully loaded) amounted to 11.5 per cent.

Risk management

For information on risk management, please refer to note (38) Risks arising from financial instruments, in the risk report section of the interim consolidated financial statements.

Outlook

We target a CET1 ratio (fully loaded) of at least 12 per cent and a total capital ratio (fully loaded) of at least 16 per cent by the end of 2017.

After the implementation of the strategic measures defined at the beginning of 2015, the cost base should be approximately 20 per cent below the level of 2014 (general administrative expenses 2014: € 3,024 million).

We aim for a return on equity before tax of approximately 14 per cent and a consolidated return on equity of approximately 11 per cent in the medium term.

We further aim to achieve a cost/income ratio of between 50 and 55 per cent in the medium term.

We expect net provisioning for impairment losses for 2016 to be below the level of 2015 (€ 1,264 million).

General administrative expenses for 2016 should be slightly below the level of the previous year (2015: € 2,914 million).

Events after the reporting date

Romania passes law allowing for the settlement of secured mortgage loan liabilities

On 13 April 2016, the Romanian Parliament passed a bill which grants private borrowers the option to settle a liability connected to a secured mortgage loan, regardless of currency, by transferring the mortgaged property to the financing bank under certain conditions. The Romanian President signed the bill on 28 April 2016, which allows for the law to come into force in May. The law relates to mortgage loans below € 250,000 and can be applied retroactively. "Prima Casa" mortgage loans – for first property purchases, with state guarantee and subsidized interest rates – are excluded from the law.

At the end of the first quarter of 2016, RBI's Romanian network bank had over € 1.3 billion in secured loans to retail customers, around two thirds of which would meet the new law's criteria. It is currently not possible to accurately estimate the extent to which customers would make use of the option for early settlement. From a current perspective and using first estimates, RBI expects that the new law would have an additional impact in the mid double digit million euro range over the entire period of execution.

Segment report

Segmentation principles

Segment reporting at RBI is based on the current organizational structure pursuant to IFRS 8. A cash generating unit within the Group is either a country or a business activity. Markets in Central and Eastern Europe are thereby grouped together into regional segments comprising countries with comparable economic profiles and similar long-term economic growth expectations. Business activities outside the CEE region are divided according to business area.

This results in the following segments:

- Central Europe (Czech Republic, Hungary and Slovakia)
- Southeastern Europe (Albania, Bosnia and Herzegovina, Bulgaria, Croatia, Kosovo, Romania, and Serbia)
- Eastern Europe (Belarus, Russia and Ukraine)
- Group Corporates (business with large Austrian and multinational corporate customers managed from Vienna)
- Group Markets (customer and proprietary capital markets related business managed from Vienna)
- Corporate Center (central management functions at Group head office and other Group units)
- Non-Core (business areas that are being discontinued or reduced: Asia, Poland, Slovenia, USA, and direct bank Zuno)

Central Europe

in € million	1/1-31/3 2016	1/1-31/3 2015	Change	Q1/2016	Q4/2015	Change
Net interest income	161	167	(3.7)%	161	161	0.4%
Net fee and commission income	89	97	(9.2)%	89	98	(9.2)%
Net trading income	5	16	(66.3)%	5	9	(43.0)%
Recurring other net operating income	4	(9)	–	4	(6)	–
Operating income	**259**	**272**	**(4.8)%**	**259**	**261**	**(0.9)%**
General administrative expenses	(165)	(150)	10.5%	(165)	(186)	(10.9)%
Operating result	**93**	**122**	**(23.5)%**	**93**	**76**	**23.6%**
Net provisioning for impairment losses	(3)	(22)	(85.0)%	(3)	(43)	(92.4)%
Other results	(15)	(38)	(59.9)%	(15)	22	–
Profit/loss before tax	**75**	**62**	**20.5%**	**75**	**54**	**38.1%**
Income taxes	(13)	(19)	(29.1)%	(13)	(11)	22.6%
Profit/loss after tax	**61**	**43**	**42.1%**	**61**	**43**	**42.0%**
Risk-weighted assets (total RWA)	13,688	14,343	(4.6)%	13,688	12,910	6.0%
Assets	27,644	25,131	10.0%	27,644	26,878	2.9%
Net interest margin (average interest-bearing assets)	2.46%	2.79%	(0.33) PP	2.46%	2.52%	(0.06) PP
Return on equity before tax	**17.4%**	**14.6%**	**2.8 PP**	**17.4%**	**12.7%**	**4.6 PP**

In Central Europe, RBI increased total assets through higher new business generation, especially in Slovakia and the Czech Republic. An additional increase resulted from a portfolio acquisition in the Czech Republic. The low level of interest rates continued to negatively impact operating income. However, lower bank levies and a reduction in net provisioning for impairment losses in Hungary led to a significant improvement in profit after tax, which rose € 13 million to € 75 million year-on-year. There was a negative effect from higher general administrative expenses due to contributions to the resolution fund.

Operating income

Net interest income fell 4 per cent year-on-year, or € 6 million, to € 161 million due to persistently low market interest rates. This included a decline of € 5 million in Hungary and € 2 million in Slovakia. In the Czech Republic, in contrast, net interest income increased slightly by € 1 million. The net interest margin dropped 33 basis points to 2.46 per cent due to interest rate adjustments relating to assets.

Net fee and commission income declined 9 per cent year-on-year, or € 9 million, to € 89 million. Net income from the management of investment and pension funds fell € 3 million to € 4 million, largely due to an extraordinary income item in Slovakia in the previous year. Net income from the payment transfer business also declined – by 4 per cent, or € 2 million, to € 45 million – as a result of lower volumes and margins, particularly in the Czech Republic and Hungary. Net income from the loan and guarantee business was down € 2 million due to legal restrictions on fees for early loan repayments in Slovakia.

Net trading income fell 66 per cent, or € 11 million, to € 5 million. This included a € 6 million year-on-year decrease in net income from currency-based transactions to € 7 million, attributable to lower volumes and valuation losses on foreign currency positions in the Czech Republic and Hungary. Net income from interest-based transactions decreased year-on-year, from plus € 3 million to minus € 2 million, primarily as a result of losses from the valuation of interest-based derivatives in the Czech Republic and Hungary.

Recurring other net operating income in the region improved from minus € 9 million to plus € 4 million. This increase was mainly driven by € 8 million in proceeds from the sale of the card acquiring business (POS terminals) in the Czech Republic.

General administrative expenses

The segment's general administrative expenses rose 11 per cent year-on-year, or € 16 million, to € 165 million. The increase was primarily attributable to contributions to resolution funds in Slovakia (€ 8 million), the Czech Republic (€ 7 million) and Hungary (€ 1 million). Staff expenses increased 4 per cent, or € 3 million, to € 76 million, mainly due to staff increases following a purchase of credit card business in the Czech Republic. Depreciation of tangible and intangible fixed assets fell 6 per cent, or € 1 million, to € 16 million. The number of business outlets in the segment fell 14 to 405 during the year. This included the closure of 42 business outlets in Hungary, as part of the realignment of the business model, and the addition of 19 business outlets in Slovakia, where the Raiffeisen brand continued to be rolled out as planned. The cost/income ratio increased 8.8 percentage points to 63.9 per cent.

Net provisioning for impairment losses

Net provisioning for impairment losses in the Central Europe segment declined 85 per cent year-on-year, or € 19 million, to € 3 million in the reporting period. The largest decrease in net provisioning for impairment losses, € 20 million, was posted in Hungary in the retail and corporate customer business. There was a net release of € 6 million in the reporting period. In the Czech Republic, net provisioning rose to € 6 million after the previous year's period had benefited from the sale of a large corporate customer's fully impaired loan.

The proportion of non-bank non-performing loans in the Central Europe segment's loan portfolio rose 0.4 percentage points to 7.5 per cent.

Other results and taxes

The Central Europe segment's other results increased € 23 million year-on-year to minus € 15 million.

Net income from derivatives and liabilities improved € 3 million, primarily due to net income from hedging to adjust the currency and interest rate structure in the Czech Republic.

In the reporting period, net income from the disposal of Group assets amounted to € 8 million, following a loss of € 1 million in the same period in the previous year. Most of the net income posted in 2016 stemmed from the sale of a property leasing project in the Czech Republic.

The bank levies contained in the other results fell € 20 million to € 23 million. This decrease was mainly attributable to Hungary, where the assessment base for calculating the bank levy was halved.

A provision of € 9 million was released in connection with the implementation of the Settlement Act (unilateral interest rate changes on consumer loans) in Hungary in the previous year's period.

The segment's income taxes declined € 5 million to € 13 million, largely due to a decrease in taxable net income in Slovakia. The tax rate was 18 per cent in the reporting period.

Detailed results of individual countries in the segment:

1/1-31/3/2016 in € million	Czech Republic	Hungary	Slovakia
Net interest income	59	30	71
Net fee and commission income	25	27	37
Net trading income	(1)	4	2
Recurring other net operating income	8	(6)	1
Operating income	**91**	**56**	**111**
General administrative expenses	(61)	(35)	(69)
Operating result	**30**	**21**	**42**
Net provisioning for impairment losses	(6)	6	(4)
Other results	7	(17)	(5)
Profit/loss before tax	**31**	**10**	**34**
Income taxes	(5)	0	(8)
Profit/loss after tax	**26**	**10**	**26**
Risk-weighted assets (total RWA)	4,757	3,094	5,837
Assets	10,080	6,347	11,257
Loans and advances to customers	7,413	3,553	8,247
hereof corporate %	43.6%	68.0%	46.1%
hereof retail %	55.8%	27.7%	53.7%
hereof foreign currency %	13.4%	36.1%	0.8%
Deposits from customers	7,355	4,119	8,760
Loan/deposit ratio (net)	97.5%	73.4%	91.5%
Equity	967	512	1,021
Return on equity before tax	13.5%	7.8%	13.9%
Return on equity after tax	11.3%	7.8%	10.5%
Cost/income ratio	66.6%	63.0%	62.2%
Net interest margin (average interest-bearing assets)	2.52%	2.09%	2.61%
Employees as at reporting date	3,129	2,016	3,872
Business outlets	134	72	199
Customers	620,729	545,122	821,057

Southeastern Europe

in € million	1/1-31/3 2016	1/1-31/3 2015	Change	Q1/2016	Q4/2015	Change
Net interest income	180	193	(6.4)%	180	189	(4.5)%
Net fee and commission income	91	87	4.7%	91	99	(7.9)%
Net trading income	19	12	60.9%	19	14	35.4%
Recurring other net operating income	4	4	(3.5)%	4	(9)	–
Operating income	**294**	**295**	**(0.5)%**	**294**	**292**	**0.4%**
General administrative expenses	(169)	(159)	6.3%	(169)	(190)	(11.1)%
Operating result	**125**	**136**	**(8.3)%**	**125**	**103**	**21.7%**
Net provisioning for impairment losses	(23)	(41)	(42.8)%	(23)	(66)	(64.6)%
Other results	(2)	(6)	(70.6)%	(2)	2	–
Profit/loss before tax	**100**	**89**	**11.9%**	**100**	**38**	**159.9%**
Income taxes	(16)	(12)	34.1%	(16)	(9)	86.5%
Profit/loss after tax	**83**	**77**	**8.3%**	**83**	**30**	**181.8%**
Risk-weighted assets (total RWA)	14,210	14,532	(2.2)%	14,210	13,968	1.7%
Assets	21,664	21,432	1.1%	21,664	22,120	(2.1)%
Net interest margin (average interest-bearing assets)	3.49%	3.83%	(0.34) PP	3.49%	3.66%	(0.17) PP
Return on equity before tax	**22.2%**	**21.4%**	**0.8 PP**	**22.2%**	**8.9%**	**13.3 PP**

Profit before tax in the Southeastern Europe segment mainly improved as a result of significantly lower net provisioning for impairment losses. In contrast, general administrative expenses increased, above all in connection with the bank resolution fund and deposit insurance fees.

Operating income

Net interest income decreased 6 per cent year-on-year, or € 13 million, to € 180 million. All countries in the segment – with the exception of Bosnia and Herzegovina – reported a decline in net interest income, mainly as a result of the persistently low interest rate level. The steepest decline of € 5 million was in Croatia, where lower loan volumes also reduced net interest income. The net interest margin also fell 34 basis points to 3.49 per cent, due to the interest rate level and excess liquidity.

In contrast, net fee and commission income increased 5 per cent year-on-year, or € 4 million, to € 91 million. Net income from the sale of own and third party products was up € 2 million to € 7 million, primarily as a result of higher income in Romania and Bosnia and Herzegovina. Net income from the payment transfer business increased € 1 million to € 47 million, mainly in Bosnia and Herzegovina as well as Romania. Net income from the foreign currency, notes/coins and precious metals business also increased, by € 1 million to € 19 million, largely as a result of higher volumes in Romania.

Net trading income in Southeastern Europe was up 61 per cent year-on-year, or € 7 million, to € 19 million. Valuation gains from foreign currency positions in Romania and Croatia were mainly responsible for the € 5 million increase in currency-based business to € 10 million. Net income from interest-based business improved € 2 million to € 8 million.

Recurring other net operating income remained stable year-on-year at € 4 million.

General administrative expenses

General administrative expenses increased 6 per cent year-on-year, or € 10 million, to € 169 million. Staff expenses were up 2 per cent, or € 2 million, to € 73 million, above all as a result of higher salaries and the hiring of former contract staff on a permanent basis in Romania. The segment's other administrative expenses rose 13 per cent, or € 9 million, to € 77 million. The rise was largely attributable to contributions of € 5 million to the bank resolution fund in Romania and Croatia, which were paid in the first quarter for the full year, as well as to a € 2 million increase in deposit insurance fees. Depreciation of tangible and intangible fixed assets was almost unchanged at € 18 million. The number of business outlets fell year-on-year by 16 to 1,056, mainly due to a reduction in the number of outlets in Romania. The cost/income ratio increased 3.6 percentage points to 57.4 per cent.

Net provisioning for impairment losses

Net provisioning for impairment losses declined € 18 million, or 43 per cent year-on-year, to € 23 million. In Bulgaria, net provisioning for impairment losses fell € 12 million to € 6 million, as the repayment from a large corporate customer of a non-performing loan led to a release of € 7 million. In Croatia, net releases of loan loss provisions amounted to € 4 million in the reporting period. These reflected the release of loan loss provisions for a large corporate customer and releases in connection with the Swiss franc conversion in the retail customer business and compared to net allocations of € 6 million in the same period of the previous year. In Romania, the improvement in the risk profiles of retail and corporate customers led to a decline of € 9 million in net provisioning for impairment losses to € 8 million. Declines were also reported in Serbia and Bosnia and Herzegovina. In contrast, net provisioning in Albania increased sharply by € 25 million to € 30 million, due to the default of several large corporate customers.

The proportion of the segment's non-performing loans to non-banks fell 0.3 percentage points to 11.8 per cent.

Other results and taxes

Other results were up 71 per cent, or € 4 million, to minus € 2 million. The improvement was mainly due to expenses for government measures recognized in Croatia and Serbia in the comparable period of the previous year.

The tax expense increased 34 per cent year-on-year, or € 4 million, to € 16 million. The increase in deferred taxes reflected the utilization of loss carryforwards in Croatia, while the current tax expense rose above all in Bulgaria as a result of higher taxable profits. The loss in Albania was not offset by any deferred tax income, resulting in a 5 percentage point increase in the tax rate to 16 per cent.

Detailed results of individual countries:

1/1-31/3/2016 in € million	Albania	Bosnia and Herzegovina	Bulgaria
Net interest income	15	16	28
Net fee and commission income	3	8	10
Net trading income	6	0	1
Recurring other net operating income	0	0	0
Operating income	**23**	**25**	**38**
General administrative expenses	(11)	(13)	(18)
Operating result	**12**	**12**	**20**
Net provisioning for impairment losses	(30)	1	6
Other results	1	0	0
Profit/loss before tax	**(17)**	**13**	**26**
Income taxes	0	(1)	(3)
Profit/loss after tax	**(17)**	**12**	**24**
Risk-weighted assets (total RWA)	1,664	1,554	1,729
Assets	2,056	1,956	3,407
Loans and advances to customers	821	1,163	2,069
hereof corporate %	65.7%	30.7%	41.2%
hereof retail %	34.3%	68.8%	58.2%
hereof foreign currency %	60.0%	69.0%	52.4%
Deposits from customers	1,731	1,536	2,390
Loan/deposit ratio (net)	40.5%	70.9%	80.3%
Equity	203	281	519
Return on equity before tax	–	20.3%	21.4%
Return on equity after tax	–	18.1%	19.4%
Cost/income ratio	47.2%	51.5%	46.6%
Net interest margin (average interest-bearing assets)	3.11%	3.54%	3.32%
Employees as at reporting date	1,349	1,307	2,551
Business outlets	90	97	149
Customers	747,152	449,764	636,992

1/1-31/3/2016 in € million	Croatia	Kosovo	Romania	Serbia
Net interest income	31	9	61	20
Net fee and commission income	16	1	44	9
Net trading income	6	0	5	0
Recurring other net operating income	5	0	(1)	1
Operating income	**57**	**11**	**110**	**31**
General administrative expenses	(34)	(6)	(70)	(18)
Operating result	**23**	**4**	**40**	**13**
Net provisioning for impairment losses	4	(1)	(8)	4
Other results	(4)	0	1	0
Profit/loss before tax	**23**	**4**	**33**	**17**
Income taxes	(5)	0	(5)	(2)
Profit/loss after tax	**18**	**3**	**28**	**16**
Risk-weighted assets (total RWA)	2,977	514	4,168	1,604
Assets	4,420	862	7,028	1,966
Loans and advances to customers	3,040	510	4,569	1,070
hereof corporate %	43.6%	38.7%	32.9%	49.8%
hereof retail %	53.6%	61.3%	64.9%	49.9%
hereof foreign currency %	58.4%	0.0%	43.2%	62.6%
Deposits from customers	3,046	682	5,051	1,456
Loan/deposit ratio (net)	86.6%	71.5%	84.9%	65.9%
Equity	644	111	792	474
Return on equity before tax	14.9%	12.4%	17.7%	15.5%
Return on equity after tax	11.5%	10.9%	15.1%	13.9%
Cost/income ratio	59.5%	59.2%	64.0%	57.1%
Net interest margin (average interest-bearing assets)	3.10%	4.37%	3.53%	4.34%
Employees as at reporting date	2,133	721	5,450	1,538
Business outlets	78	52	506	84
Customers	449,598	291,125	2,124,663	671,451

Eastern Europe

in € million	1/1-31/3 2016	1/1-31/3 2015	Change	Q1/2016	Q4/2015	Change
Net interest income	203	249	(18.5)%	203	220	(7.7)%
Net fee and commission income	86	93	(7.3)%	86	109	(21.5)%
Net trading income	20	(48)	–	20	8	148.9%
Recurring other net operating income	(1)	(5)	(69.8)%	(1)	(13)	(89.3)%
Operating income	**308**	**289**	**6.5%**	**308**	324	**(5.2)%**
General administrative expenses	(118)	(130)	(9.0)%	(118)	(156)	(23.9)%
Operating result	**189**	**159**	**19.2%**	**189**	169	**12.1%**
Net provisioning for impairment losses	(67)	(134)	(50.1)%	(67)	(102)	(34.5)%
Other results	9	59	(84.1)%	9	91	(89.7)%
Profit/loss before tax	**132**	**84**	**56.8%**	**132**	158	**(16.5)%**
Income taxes	(25)	(35)	(28.5)%	(25)	(36)	(32.3)%
Profit/loss after tax	**107**	**50**	**116.2%**	**107**	121	**(11.7)%**
Risk-weighted assets (total RWA)	10,964	14,602	(24.9)%	10,964	11,642	(5.8)%
Assets	13,598	17,618	(22.8)%	13,598	14,179	(4.1)%
Net interest margin (average interest-bearing assets)	6.45%	6.38%	0.07 PP	6.45%	6.18%	0.28 PP
Return on equity before tax	**32.2%**	**20.6%**	**11.6 PP**	**32.2%**	38.1%	**(5.9) PP**

The Eastern Europe segment was again affected by a high level of currency volatility in the first quarter of 2016, as in the previous year. The average exchange rate of the Russian rouble was 12 per cent lower year-on-year, while the Ukrainian hryvnia and the Belarus rouble were down 17 and 28 per cent year-on-year, respectively. In Ukraine, net trading income increased due to the more limited depreciation of the Ukrainian hryvnia and an improved foreign currency positioning. Provisions for impairment losses were also considerably lower as a result of the improvement in the risk situation, after very high provisions were required in the previous year due to the political situation in the Donbass region. In Russia, a currency-related decline in net interest income and lower interest income due to volume and margin effects were responsible for a 35 per cent drop in profit before tax. In Belarus, net income fell due to a valuation result from a foreign currency position recognized in the previous year.

Operating income

Net interest income was down 19 per cent year-on-year, or € 46 million, to € 203 million. This was mainly due to a decrease in net interest income in Russia (down 26 per cent, or € 45 million, to € 130 million) resulting from a € 51 million fall in interest income from derivative financial instruments, as well as lower interest income from loans to customers due to currency and volume effects. In Ukraine, the 4 per cent, or € 2 million, decline in net interest income to € 40 million was currency related; in local currency, net interest income increased 15 per cent. In Belarus, net interest income rose just € 1 million to € 32 million as a result of currency devaluations, despite improved margins. The segment's net interest margin improved slightly, by 7 basis points year-on-year to 6.45 per cent.

Net fee and commission income fell 7 per cent year-on-year, or € 7 million, to € 86 million. Net income from foreign currency, notes/coins and precious metals business dropped 16 per cent, or € 5 million, to € 25 million – mainly as a result of currency movements and lower volumes in Ukraine and Russia. Net income from the payment transfer business declined 8 per cent, or € 3 million, to € 37 million, as a result of exchange rate effects and higher credit card fees – primarily in Belarus and Ukraine. Net income from the loan and guarantee business fell € 3 million to € 11 million, mainly driven by the exit from the automobile finance business in Russia, while net income from other banking services improved € 4 million – also in Russia – to € 9 million.

Net trading income reversed from minus € 48 million in the previous year to plus € 20 million. Net income from currency-based business improved € 70 million to €17 million; Ukraine reported a significant increase of € 97 million due to the more limited depreciation of the Ukrainian hryvnia and improved foreign currency positioning. In contrast, net trading income in Belarus declined as a result of the closure of a strategic currency position that led to a valuation gain of € 22 million in the previous year and fell in Russia due to valuation losses from derivative financial instruments. Net income from interest-based transactions decreased € 2 million to € 4 million due to valuation losses on interest-based derivatives and securities positions in Russia.

Recurring other net operating income was up € 3 million year-on-year to minus € 1 million.

General administrative expenses

General administrative expenses fell 9 per cent year-on-year, or € 12 million, to € 118 million. Russia and Ukraine accounted for most of the reduction, which largely reflected the depreciation of the Russian rouble and the Ukrainian hryvnia. Staff expenses in the segment decreased € 2 million. The fall was due to currency effects and a 13 per cent reduction in the number of staff, which was down 2,842 to 19,276. On the other hand, salaries increased in Russia and Ukraine. Other administrative expenses declined € 7 million. Office space expenses fell due to business outlet closures. In addition, legal, advisory and consulting expenses were also lower. Depreciation decreased € 3 million. The number of business outlets in the segment fell by 124 to 856; 93 in Ukraine and 29 in Russia, where the number of outlets in the eastern part of the country was reduced. The cost/income ratio improved 6.5 percentage points to 38.5 per cent.

Net provisioning for impairment losses

Net provisioning for impairment losses halved year-on-year to € 67 million. In Ukraine, net provisioning for impairment losses was down € 71 million to € 10 million. This was mainly attributable to the high provisioning requirements for loans to retail and corporate customers in the comparable period of the previous year due to currency movements. In Russia, net provisioning for impairment losses of € 50 million was only slightly up year-on-year. In Belarus, provisioning increased € 3 million to € 7 million, largely for loans to corporate customers.

The proportion of non-performing loans to non-banks in the segment's loan portfolio declined 0.1 percentage point year-on-year to 18.8 per cent.

Other results and taxes

Other results fell € 50 million year-on-year to € 9 million. Net income from financial investments declined € 60 million to € 9 million. Valuation gains on securities in the fair value portfolio decreased € 64 million to € 9 million, after a positive income of € 72 million was booked in the previous year, primarily from the valuation of fixed-income, US dollar-indexed government bonds in Ukraine. Net income from derivative financial instruments improved € 11 million to € 1 million in the reporting period. This resulted from the valuation of interest rate swaps carried out to mitigate interest rate structure risk and changes in the market values of banking book derivatives, above all in Russia.

The tax expense fell 29 per cent, or € 10 million, to € 25 million. The decline mainly reflected the reduction in deferred taxes in connection with loan loss provisioning in Belarus and a lower taxable profit in Russia. In the previous year, no deferred tax assets were recognized in connection with the losses in Ukraine. The segment's tax rate was 19 per cent.

Detailed results of individual countries:

1/1-31/3/2016 in € million	Belarus	Russia	Ukraine
Net interest income	32	130	40
Net fee and commission income	13	56	17
Net trading income	7	12	2
Recurring other net operating income	0	0	(1)
Operating income	**52**	**198**	**57**
General administrative expenses	(17)	(72)	(29)
Operating result	**35**	**125**	**29**
Net provisioning for impairment losses	(7)	(50)	(10)
Other results	0	2	7
Profit/loss before tax	**28**	**77**	**26**
Income taxes	(6)	(17)	(2)
Profit/loss after tax	**23**	**61**	**24**
Risk-weighted assets (total RWA)	1,241	7,597	2,115
Assets	1,336	10,414	1,837
Loans and advances to customers	914	7,000	1,897
hereof corporate %	74.6%	64.2%	53.7%
hereof retail %	25.4%	35.8%	46.3%
hereof foreign currency %	69.5%	42.6%	59.8%
Deposits from customers	738	7,296	1,296
Loan/deposit ratio (net)	116.7%	89.0%	66.8%
Equity	288	1,331	197
Return on equity before tax	44.4%	28.0%	50.9%
Return on equity after tax	35.5%	22.0%	46.1%
Cost/income ratio	32.4%	36.7%	50.3%
Net interest margin (average interest-bearing assets)	10.05%	5.48%	9.12%
Employees as at reporting date	2,067	7,678	9,489
Business outlets	95	183	577
Customers	756,252	3,036,238	2,635,840

Group Corporates

in € million	1/1-31/3 2016	1/1-31/3 2015	Change	Q1/2016	Q4/2015	Change
Net interest income	86	83	3.2%	86	81	6.5%
Net fee and commission income	16	14	13.3%	16	19	(17.1)%
Net trading income	3	0	>500.0%	3	0	>500.0%
Recurring other net operating income	0	1	(70.8)%	0	0	171.3%
Operating income	**106**	**98**	**7.6%**	**106**	**100**	**5.3%**
General administrative expenses	(35)	(32)	11.4%	(35)	(47)	(24.9)%
Operating result	**70**	**66**	**5.9%**	**70**	**53**	**32.1%**
Net provisioning for impairment losses	(3)	(47)	(94.2)%	(3)	(34)	(91.9)%
Other results	(5)	(4)	30.7%	(5)	(4)	14.2%
Profit/loss before tax	**63**	**16**	**298.4%**	**63**	**15**	**310.9%**
Income taxes	(16)	(4)	307.3%	(16)	(4)	347.7%
Profit/loss after tax	**47**	**12**	**295.4%**	**47**	**12**	**299.7%**
Risk-weighted assets (total RWA)	8,210	9,499	(13.6)%	8,210	8,590	(4.4)%
Assets	14,358	16,593	(13.5)%	14,358	13,873	3.5%
Net interest margin (average interest-bearing assets)	2.46%	1.91%	0.55 PP	2.46%	2.33%	0.14 PP
Return on equity before tax	**22.6%**	**5.7%**	**16.9 PP**	**22.6%**	**5.6%**	**17.1 PP**

The improvement in net income in the Group Corporates segment was primarily attributable to lower net provisioning for impairment losses. In the comparable period of the previous year, net provisioning for loans to large corporate customers, especially from the Donbass region, negatively impacted profit before tax.

Operating income

Net interest income in the segment increased 3 per cent, or € 3 million, to € 86 million. Lower lending volumes and reduced margins in the corporate customer business (Austrian and multinational companies serviced from Vienna) were offset by higher interest-like extraordinary income, notably from real estate financing. The segment's net interest margin increased 55 basis points to 2.46 per cent.

Net fee and commission income improved 13 per cent, or € 2 million, to € 16 million. Higher fee and commission income from bond issues, export and investment financing, liquidity management services and real estate and project financing was partially offset by a reclassification of net income components from net fee and commission income to net trading income.

The € 3 million rise in net trading income resulted from the aforementioned reclassification and from interest-based financial derivatives at Group head office.

General administrative expenses

General administrative expenses increased 11 per cent, or € 4 million, to € 35 million. Other administrative expenses rose in particular due to the pro rata cost allocation, primarily relating to the contribution to the resolution fund, to the segment. The cost/income ratio rose 1.1 percentage points to 33.5 per cent.

Net provisioning for impairment losses

Net provisioning for impairment losses declined 94 per cent, or € 44 million year-on-year, to € 3 million. In the comparable period of the previous year, it was necessary to recognize predominantly individual loan loss provisions for large corporate customers, especially from the Donbass region. The proportion of non-bank non-performing loans in the segment's loan portfolio fell 1.3 percentage points to 8.0 per cent.

Other results and taxes

The decline in other results was primarily due to higher expenses for bank levies, which amounted to € 5 million (same period in the previous year: € 4 million).

Income tax expense rose € 12 million to € 16 million, driven by earnings. The tax rate was 26 per cent.

Group Markets

in € million	1/1-31/3 2016	1/1-31/3 2015	Change	Q1/2016	Q4/2015	Change
Net interest income	16	27	(42.5)%	16	14	13.7%
Net fee and commission income	26	27	(4.4)%	26	31	(15.5)%
Net trading income	27	22	21.8%	27	28	(4.8)%
Recurring other net operating income	2	2	3.1%	2	5	(50.5)%
Operating income	**71**	**79**	**(10.0)%**	**71**	**78**	**(8.7)%**
General administrative expenses	(51)	(58)	(11.6)%	(51)	(57)	(9.8)%
Operating result	**20**	**21**	**(5.3)%**	**20**	**21**	**(5.6)%**
Net provisioning for impairment losses	4	(1)	–	4	7	(46.4)%
Other results	10	(7)	–	10	25	(61.9)%
Profit/loss before tax	**33**	**13**	**158.1%**	**33**	**52**	**(37.7)%**
Income taxes	(8)	(3)	178.4%	(8)	(13)	(37.2)%
Profit/loss after tax	**25**	**10**	**152.3%**	**25**	**40**	**(37.8)%**
Risk-weighted assets (total RWA)	4,243	5,055	(16.1)%	4,243	3,781	12.2%
Assets	15,797	18,543	(14.8)%	15,797	13,461	17.4%
Net interest margin (average interest-bearing assets)	0.62%	0.97%	(0.35) PP	0.62%	0.64%	(0.02) PP
Return on equity before tax	**22.9%**	**9.6%**	**13.3 PP**	**22.9%**	**37.8%**	**(14.9) PP**

Profit before tax in the Group Markets segment rose 158 per cent, or € 20 million, to € 33 million, mainly as a result of improved net income from financial investments and lower staff expenses. Net interest income was significantly lower, however, due to reduced business volumes.

Operating income

Net interest income in the Group Markets segment declined 43 per cent, or € 12 million, to € 16 million. This was mainly due to a volume-driven reduction in interest income from loans and securities, resulting from the rundown of a securities portfolio in the banking book. The net interest margin decreased 35 basis points to 0.62 per cent.

Net fee and commission income remained almost unchanged year-on-year at € 26 million. While income from investment banking and cash management increased, certain net fee and commission income items (from securities business with institutional customers) were reclassified as net trading income.

Net trading income increased 22 per cent, or € 5 million, to € 27 million. Factors that boosted net trading income included an increase in business volumes with institutional investors. There was a slight increase in the result from bank note trading due to improved margins, despite exiting particular markets and discontinuing business with specific customer groups.

Recurring other net operating income of € 2 million was at the same level as in the previous year.

General administrative expenses

General administrative expenses fell 12 per cent, or € 7 million, to € 51 million, as a result of a lower cost allocation for staff expenses. The cost/income ratio declined 1.4 percentage points year-on-year to 72.4 per cent.

Net provisioning for impairment losses

Net releases of individual loan loss provisions for financial institutions amounted to € 4 million in the reporting period. The proportion of non-performing loans in the segment's total credit exposure was 2.8 per cent.

Other results and taxes

Other results were up € 16 million year-on-year to € 10 million. The growth was attributable to a € 12 million improvement in net income from financial investments (bond sales) and a € 4 million increase in net income from derivative financial instruments based on interest rate developments.

The tax expense increased € 5 million to € 8 million, while the tax rate was 24 per cent.

Corporate Center

in € million	1/1-31/3 2016	1/1-31/3 2015	Change	Q1/2016	Q4/2015	Change
Net interest income	17	252	(93.2)%	17	338	(94.9)%
Net fee and commission income	5	5	(5.3)%	5	5	(5.5)%
Net trading income	(36)	(72)	(50.5)%	(36)	(15)	143.5%
Recurring other net operating income	16	26	(37.8)%	16	44	(63.3)%
Operating income	**3**	**212**	**(98.6)%**	**3**	**373**	**(99.2)%**
General administrative expenses	(101)	(79)	26.8%	(101)	(49)	105.8%
Operating result	**(98)**	**132**	**–**	**(98)**	**324**	**–**
Net provisioning for impairment losses	13	(3)	–	13	(14)	–
Other results	(45)	28	–	(45)	(190)	(76.5)%
Profit/loss before tax	**(129)**	**157**	**–**	**(129)**	**121**	**–**
Income taxes	6	(3)	–	6	(3)	–
Profit/loss after tax	**(122)**	**155**	**–**	**(122)**	**117**	**–**
Risk-weighted assets (total RWA)	15,288	17,715	(13.7)%	15,288	14,777	3.5%
Assets	24,374	29,446	(17.2)%	24,374	27,287	(10.7)%

This segment essentially comprises net income from Group head office's governance functions and from other Group units. As a result, its net income is generally more volatile. Profit before tax decreased € 286 million year-on-year to minus € 129 million due to lower dividend income and a decline in net income from derivatives and securities.

Operating income

Net interest income in the Corporate Center segment fell 93 per cent year-on-year, or € 235 million, to € 17 million. The decline was mainly caused by a change in dividend payment timing, which lowered dividend income from Group units presented in other segments by € 223 million. Interest income from intra-group refinancing activities also decreased due to falling financing volumes.

Net fee and commission income remained unchanged year-on-year at € 5 million.

The segment's net trading income improved 51 per cent year-on-year, or € 36 million, to minus € 36 million. The increase was primarily due to a loss of € 53 million recognized in the previous year's period from a hedging transaction for dividend income denominated in Russian roubles.

Recurring other net operating income fell 38 per cent year-on-year, or € 10 million, to € 16 million, largely due to lower income from intra-group service charges.

General administrative expenses

The segment's general administrative expenses rose 27 per cent, or € 21 million, to € 101 million. The increase was mainly driven by the Group head office's increased contribution to the bank resolution fund. Staff expenses rose as a result of a higher cost allocation.

Net provisioning for impairment losses

A net total of € 13 million in provisions for corporate customers of Group head office was released in the reporting period, compared to a € 3 million net provisioning requirement in the previous year's period.

Other results and taxes

The segment's other results fell € 72 million to minus € 45 million.

The development of net income from derivatives and liabilities was negative, declining € 75 million to minus € 30 million as a result of the valuation of bank book derivatives and own issues. In contrast, net income from financial investments increased € 9 million, primarily due to impairments relating to various equity participations in the same period of the previous year.

The expense for bank levies reported in the segment was € 9 million, € 2 million less than in the same period of the previous year.

Net income from disposal of Group assets amounted to minus € 6 million, compared to a gain of € 3 million in the previous year's period. This effect was largely the result of deconsolidating several Group units due to immateriality.

The segment booked tax income of € 6 million in the reporting period, after reporting tax expense of € 3 million in the previous year's period.

Non-Core

in € million	1/1-31/3 2016	1/1-31/3 2015	Change	Q1/2016	Q4/2015	Change
Net interest income	86	106	(19.0)%	86	83	4.3%
Net fee and commission income	39	41	(4.4)%	39	44	(11.2)%
Net trading income	6	2	225.1%	6	(2)	–
Recurring other net operating income	1	3	(64.7)%	1	5	(78.5)%
Operating income	**132**	**152**	**(13.1)%**	**132**	**129**	**2.0%**
General administrative expenses	(102)	(105)	(3.3)%	(102)	(152)	(33.2)%
Operating result	**30**	**47**	**(35.2)%**	**30**	**(23)**	**–**
Net provisioning for impairment losses	(11)	(16)	(32.2)%	(11)	(227)	(95.3)%
Other results	(6)	(1)	491.7%	(6)	(1)	>500.0%
Profit/loss before tax	**13**	**30**	**(55.5)%**	**13**	**(250)**	**–**
Income taxes	(19)	(13)	51.5%	(19)	(8)	142.0%
Profit/loss after tax	**(6)**	**17**	**–**	**(6)**	**(258)**	**(97.8)%**
Risk-weighted assets (total RWA)	10,638	13,253	(19.7)%	10,638	10,611	0.3%
Assets	17,825	21,660	(17.7)%	17,825	18,835	(5.4)%
Net interest margin (average interest-bearing assets)	2.08%	2.07%	0.01 PP	2.08%	1.85%	0.23 PP
Return on equity before tax	**3.6%**	**8.2%**	**(4.6) PP**	**3.6%**	**–**	**–**

The Non-Core segment encompasses those business areas which are to be sold or reduced in line with RBI's 2015 strategic review. The sale of the Raiffeisen bank in Slovenia is expected to close in the second quarter, while sales activities are underway for the direct bank Zuno, active in Slovakia and the Czech Republic. The accounting treatment of these units therefore follows IFRS 5.

The segment's profit before tax declined 56 per cent to € 13 million, mainly as a result of lower operating income due to the planned reduction in volumes and low interest rates in Poland. General administrative expenses fell, largely due to a drop in other administrative expenses in Poland. Net provisioning for impairment losses also declined, particularly in Slovenia and Asia.

Operating income

Net interest income was down 19 per cent year-on-year, or € 20 million, to € 86 million. Asia reported the largest decline, with a volume-related 50 per cent, or € 15 million, reduction to € 15 million. In Poland, the continuing low market interest rate level reduced net interest income by 3 per cent, or € 2 million, to € 62 million. The € 2 million decrease in Slovenia is attributable to lower lending volumes. The net interest margin remained virtually unchanged, increasing one basis point to 2.08 per cent.

Net fee and commission income declined 4 per cent year-on-year, or € 2 million, to € 39 million. Net income from the loan and guarantee business decreased € 3 million to € 6 million, due to lower volumes, particularly in Asia and Poland. In contrast, net income from the sale of own and third party products increased € 1 million to € 6 million, especially in Poland.

Net trading income increased € 4 million to € 6 million. Net income from currency-based transactions rose year-on-year from minus € 14 million to € 5 million, largely due to valuation gains in Poland. In contrast, net income from interest-based transactions decreased € 15 million to € 1 million as a result of lower income from interest-based derivatives in Poland.

Recurring other net operating income fell 65 per cent, or € 2 million, to € 1 million, mainly due to losses from the disposal of tangible and intangible fixed assets in Poland.

General administrative expenses

General administrative expenses fell 3 per cent year-on-year, or € 3 million, to € 102 million. Staff expenses remained nearly unchanged at € 51 million. Staff expenses in Asia declined nearly 30 per cent, or € 2 million, reflecting the extent of the workforce reduction. In Poland, staff expenses increased € 3 million due to € 5 million in non-recurring expenses for branch optimization. The average number of staff during the reporting period fell 7 per cent year-on-year to 5,885. Other administrative expenses declined € 3 million, particularly in Poland due to lower IT and advertising expenses. The number of business outlets was reduced by 3 to 371. The cost/income ratio rose 7.8 percentage points to 77.1 per cent.

Net provisioning for impairment losses

Net provisioning for impairment losses declined 32 per cent year-on-year, or € 5 million, to € 11 million. Decreases in net provisioning for impairment losses were reported in Slovenia (decrease of € 8 million) and Asia (decrease of € 3 million). In Slovenia, € 3 million was released during the reporting period, compared to provisioning of € 5 million for corporate customers in the same period of the previous year. In the US, in contrast, net provisioning for impairment losses rose € 5 million to € 6 million, in connection with a corporate customer. In Poland, net provisioning for impairment losses related mainly to corporate customers and amounted to € 8 million, € 2 million higher than the previous year's comparable period.

The proportion of non-bank non-performing loans in the segment's loan portfolio remained almost unchanged at 15.3 per cent.

Other results and taxes

The segment's other results were down € 5 million year-on-year. This was largely due to expenses of € 7 million for the newly-introduced bank levy in Poland. Net income from financial investments increased € 2 million compared to the previous year's period, when impairment charges were recognized for equity participations in Asia.

Tax expense increased 52 per cent year-on-year, or € 6 million, to € 19 million. This increase was mainly the result of higher deferred tax expense (increase of € 10 million) due to the utilization of loss carryforwards in Poland. This was offset by a € 4 million decline in current tax expense, especially in Asia.

Detailed results of individual countries and sub-segments:

1/1-31/3/2016 in € million	Asia	Poland	Slovenia	USA
Net interest income	15	62	2	5
Net fee and commission income	2	34	1	1
Net trading income	3	3	0	0
Recurring other net operating income	0	0	1	0
Operating income	**20**	**100**	**4**	**6**
General administrative expenses	(9)	(76)	(5)	(4)
Operating result	**11**	**23**	**(1)**	**2**
Net provisioning for impairment losses	1	(8)	3	(6)
Other results	0	(7)	1	0
Profit/loss before tax	**11**	**8**	**3**	**(4)**
Income taxes	(2)	(16)	0	0
Profit/loss after tax	**9**	**(8)**	**2**	**(4)**
Risk-weighted assets (total RWA)	1,206	8,192	323	764
Assets	1,853	13,863	697	576
Loans and advances to customers	1,212	9,699	392	469
hereof corporate %	100.0%	32.7%	49.1%	100.0%
hereof retail %	0.0%	67.2%	49.5%	0.0%
hereof foreign currency %	65.5%	55.5%	5.1%	8.0%
Deposits from customers	111	8,378	404	0
Loan/deposit ratio (net)	–	110.0%	92.6%	–
Equity	–	1,645	46	33
Return on equity before tax	–	2.2%	22.1%	–
Return on equity after tax	–	–	19.4%	–
Cost/income ratio	45.7%	76.6%	137.3%	68.9%
Net interest margin (average interest-bearing assets)	3.08%	1.85%	1.09%	3.16%
Employees as at reporting date	185	5,016	216	52
Business outlets	5	322	14	1
Customers	69	794,292	55,253	118

Asia: Some Asian entities are operated as branches; therefore no equity available.

Interim consolidated financial statements

(Interim report as at March 31, 2016)

Statement of comprehensive income

Income statement

in € million	Notes	1/1-31/3/2016	1/1-31/3/2015[1]	Change
Interest income		1,031	1,300	(20.7)%
Interest expenses		(313)	(480)	(34.8)%
Net interest income	**[2]**	**718**	**820**	**(12.5)%**
Net provisioning for impairment losses	[3]	(106)	(260)	(59.5)%
Net interest income after provisioning		**612**	**560**	**9.4%**
Fee and commission income		446	457	(2.4)%
Fee and commission expense		(99)	(98)	1.7%
Net fee and commission income	**[4]**	**347**	**360**	**(3.6)%**
Net trading income	[5]	28	(62)	–
Net income from derivatives and liabilities	[6]	(27)	20	–
Net income from financial investments	[7]	26	64	(59.1)%
General administrative expenses	[8]	(718)	(691)	3.9%
Other net operating income	[9]	(41)	(63)	(35.5)%
Net income from disposal of group assets	[10]	2	1	203.5%
Profit/loss before tax		**229**	**188**	**22.0%**
Income taxes	[11]	(91)	(88)	4.0%
Profit/loss after tax		**138**	**100**	**37.9%**
Profit attributable to non-controlling interests		(24)	(17)	41.8%
Consolidated profit/loss		**114**	**83**	**37.1%**

1 Adaptation of previous year figures due to different allocation.

Earnings per share

in €	1/1-31/3/2016	1/1-31/3/2015	Change
Earnings per share	0.39	0.29	0.10

Earnings per share are obtained by dividing consolidated profit by the average number of ordinary shares outstanding. As at March 31, 2016, the number of average ordinary shares oustanding was 292.4 million (March 31, 2015: 292.4 million). As there were no conversion rights or options outstanding, a dilution of earnings per share did not occur.

Other comprehensive income and total comprehensive income

in € million	Total 1/1-31/3 2016	Total 1/1-31/3 2015	Group equity 1/1-31/3 2016	Group equity 1/1-31/3 2015	Non-controlling interests 1/1-31/3 2016	Non-controlling interests 1/1-31/3 2015
Profit/loss after tax	**138**	**100**	**114**	**83**	**24**	**17**
Items which are not reclassified to profit and loss	**0**	**0**	**0**	**0**	**0**	**0**
Remeasurements of defined benefit plans	0	0	0	0	0	0
Deferred taxes on items which are not reclassified to profit and loss	0	0	0	0	0	0
Items that may be reclassified subsequently to profit or loss	**35**	**267**	**47**	**271**	**(12)**	**(4)**
Exchange differences	28	284	41	287	(12)	(4)
Capital hedge	(13)	(11)	(13)	(11)	0	0
Net gains (losses) on derivatives hedging fluctuating cash flows	9	(15)	9	(15)	0	0
Net gains (losses) on financial assets available-for-sale	9	6	9	6	0	0
Deferred taxes on income and expenses directly recognized in equity	1	3	1	3	0	0
Other comprehensive income	**35**	**267**	**47**	**271**	**(12)**	**(4)**
Total comprehensive income	**173**	**367**	**162**	**354**	**11**	**13**

Quarterly results

in € million	Q2/2015[1]	Q3/2015[1]	Q4/2015	Q1/2016
Net interest income	861	814	832	718
Net provisioning for impairment losses	(343)	(191)	(469)	(106)
Net interest income after provisioning	**518**	**623**	**363**	**612**
Net fee and commission income	385	384	390	347
Net trading income	64	(14)	29	28
Net income from derivatives and liabilities	(29)	20	(15)	(27)
Net income from financial investments	(3)	7	0	26
General administrative expenses	(697)	(713)	(813)	(718)
Other net operating income	33	(64)	15	(41)
Net income from disposal of group assets	(3)	10	34	2
Profit/loss before tax	**267**	**253**	**3**	**229**
Income taxes	(53)	(52)	(83)	(91)
Profit/loss after tax	**214**	**201**	**(81)**	**138**
Profit attributable to non-controlling interests	(22)	(16)	(2)	(24)
Consolidated profit/loss	**192**	**186**	**(83)**	**114**

1 Restated in accordance with IFRS 8.41. Please see the 2015 annual report for details.

in € million	Q2/2014	Q3/2014	Q4/2014	Q1/2015
Net interest income	975	940	895	820
Net provisioning for impairment losses	(287)	(515)	(667)	(260)
Net interest income after provisioning	**688**	**425**	**228**	**560**
Net fee and commission income	389	404	417	360
Net trading income	28	30	(68)	(62)
Net income from derivatives and liabilities	(15)	103	28	20
Net income from financial investments	42	23	(39)	64
General administrative expenses	(764)	(776)	(728)	(691)
Other net operating income	(90)	(225)	(445)	(63)
Net income from disposal of group assets	0	1	0	1
Profit/loss before tax	**278**	**(16)**	**(607)**	**188**
Income taxes	(79)	(96)	(239)	(88)
Profit/loss after tax	**198**	**(112)**	**(846)**	**100**
Profit attributable to non-controlling interests	(15)	(7)	4	(17)
Consolidated profit/loss	**183**	**(119)**	**(842)**	**83**

Statement of financial position

Assets in € million	Notes	31/3/2016	31/12/2015	Change
Cash reserve	[13]	8,130	13,212	(38.5)%
Loans and advances to banks	[14, 41]	15,099	10,837	39.3%
Loans and advances to customers	[15, 41]	70,875	69,921	1.4%
Impairment losses on loans and advances	[16]	(5,804)	(6,055)	(4.1)%
Trading assets	[17, 41]	5,744	5,814	(1.2)%
Derivatives	[18, 41]	1,734	1,574	10.2%
Financial investments	[19, 41]	14,369	15,244	(5.7)%
Intangible fixed assets	[20]	620	621	(0.1)%
Tangible fixed assets	[21]	1,411	1,473	(4.3)%
Other assets	[22, 41]	2,334	1,786	30.7%
Total assets		**114,511**	**114,427**	**0.1%**

Equity and liabilities in € million	Notes	31/3/2016	31/12/2015	Change
Deposits from banks	[23, 41]	16,823	16,369	2.8%
Deposits from customers	[24, 41]	68,107	68,991	(1.3)%
Debt securities issued	[25, 41]	7,316	7,502	(2.5)%
Provisions for liabilities and charges	[26, 41]	784	814	(3.6)%
Trading liabilities	[27, 41]	5,351	5,092	5.1%
Derivatives	[28, 41]	828	984	(15.9)%
Other liabilities	[29, 41]	2,410	2,010	19.9%
Subordinated capital	[30, 41]	4,234	4,164	1.7%
Equity	[31]	8,658	8,501	1.8%
Consolidated equity		7,999	7,588	5.4%
Consolidated profit/loss		114	379	(69.8)%
Non-controlling interests		545	535	1.9%
Total equity and liabilities		**114,511**	**114,427**	**0.1%**

Statement of changes in equity

in € million	Subscribed capital	Capital reserves	Retained earnings	Consolidated profit/loss	Non-controlling interests	Total
Equity as at 1/1/2016	**892**	**4,994**	**1,702**	**379**	**535**	**8,501**
Capital increases/decreases	0	0	0	0	0	0
Transferred to retained earnings	0	0	379	(379)	0	0
Dividend payments	0	0	0	0	(3)	(3)
Total comprehensive income	0	0	47	114	11	173
Own shares/share incentive program	0	0	0	0	0	0
Other changes	0	0	(16)	0	2	(13)
Equity as at 31/3/2016	**892**	**4,994**	**2,112**	**114**	**545**	**8,658**

in € million	Subscribed capital	Capital reserves	Retained earnings	Consolidated profit/loss	Non-controlling interests	Total
Equity 1/1/2015[1]	**892**	**4,991**	**2,417**	**(617)**	**495**	**8,178**
Capital increases/decreases	0	0	0	0	0	0
Transferred to retained earnings	0	0	(617)	617	0	0
Dividend payments	0	0	0	0	(3)	(3)
Total comprehensive income	0	0	271	83	13	367
Own shares/share incentive program	0	0	(1)	0	0	0
Other changes	0	0	(5)	0	(5)	(10)
Equity as at 31/3/2015	**892**	**4,992**	**2,065**	**83**	**499**	**8,531**

1 Restated in accordance with IFRS 8.41. Please see the 2015 annual report for details.

Statement of cash flows

in € million	1/1-31/3/2016	1/1-31/3/2015[1]
Cash and cash equivalents at the end of previous period[2]	**13,483**	**6,769**
Net cash from operating activities	(5,127)	(2,229)
Net cash from investing activities	73	2,349
Net cash from financing activities	9	16
Effect of exchange rate changes	(16)	169
Cash and cash equivalents at the end of period[2]	**8,421**	**7,073**

1 Restated in accordance with IFRS 8.41. Please see the 2015 annual report for details.
2 Cash and cash equivalents at the end of period differ from item cash reserve on statement of financial position due to IFRS 5 presentation of Raiffeisen Banka d.d., Maribor and ZUNO BANK AG, Vienna

Segment reporting

As a rule, internal management reporting at RBI is based on the current organizational structure. This matrix structure means that each member of the Management Board is responsible both for individual countries and for specific business activities (country and functional responsibility model). A cash generating unit within the Group is either a country or a business activity. Accordingly, the RBI management bodies – Management Board and Supervisory Board – make key decisions that determine the resources allocated to any given segment based on its financial strength and profitability, which is why these reporting criteria are an essential component in the decision-making process. Thus, the division into segments was also undertaken in accordance with IFRS 8. The reconciliation contains mainly the amounts resulting from the elemination of intra-group results and consolidation between the segments.

This results in the following segments:

- Central Europe (Czech Republic, Hungary and Slovakia)
- Southeastern Europe (Albania, Bosnia and Herzegovina, Bulgaria, Croatia, Kosovo, Romania and Serbia)
- Eastern Europe (Belarus, Russia and Ukraine)
- Group Corporates (large corporate business activities with Austrian and multinational customers operated from Vienna)
- Group Markets (capital market-based customer and proprietary business operated from Vienna)
- Corporate Center (central control functions at Group head office and other Group units)
- Non-Core (Asia, Poland, Slovenia, USA and direct bank Zuno)

1/1-31/3/2016 in € million	Central Europe	Southeastern Europe	Eastern Europe	Group Corporates	Group Markets
Net interest income	161	180	203	86	16
Net fee and commission income	89	91	86	16	26
Net trading income	5	19	20	3	27
Recurring other net operating income	4	4	(1)	0	2
Operating income	**259**	**294**	**308**	**106**	**71**
General administrative expenses	(165)	(169)	(118)	(35)	(51)
Operating result	**93**	**125**	**189**	**70**	**20**
Net provisioning for impairment losses	(3)	(23)	(67)	(3)	4
Other results	(15)	(2)	9	(5)	10
Profit/loss before tax	**75**	**100**	**132**	**63**	**33**
Income taxes	(13)	(16)	(25)	(16)	(8)
Profit/loss after tax	**61**	**83**	**107**	**47**	**25**
Profit attributable to non-controlling interests	(15)	(1)	(12)	0	0
Profit/loss after deduction of non-controlling interests	**47**	**83**	**95**	**46**	**25**
Risk-weighted assets (credit risk)	11,467	11,750	8,795	7,535	1,810
Risk-weighted assets (total RWA)	13,688	14,210	10,964	8,210	4,243
Total capital requirement	1,095	1,137	877	657	339
Assets	27,644	21,664	13,598	14,358	15,797
Liabilities	25,143	18,640	11,778	12,639	16,541
Net interest margin (average interest-bearing assets)	2.46%	3.49%	6.45%	2.46%	0.62%
NPL ratio	7.5%	11.8%	18.8%	8.0%	2.8%
NPL coverage ratio	69.3%	72.0%	83.2%	59.5%	88.9%
Cost/income ratio	63.9%	57.4%	38.5%	33.5%	72.4%
Provisioning ratio (average loans and advances to customers)	0.06%	0.57%	2.09%	0.08%	–
Average equity	1,725	1,800	1,637	1,108	572
Return on equity before tax	**17.4%**	**22.2%**	**32.2%**	**22.6%**	**22.9%**
Business outlets	405	1,056	856	1	5

1/1-31/3/2016 in € million	Corporate Center	Non-Core	Reconciliation	Total
Net interest income	17	86	(31)	718
Net fee and commission income	5	39	(4)	347
Net trading income	(36)	6	(17)	28
Recurring other net operating income	16	1	(15)	11
Operating income	**3**	**132**	**(67)**	**1,104**
General administrative expenses	(101)	(102)	23	(718)
Operating result	**(98)**	**30**	**(44)**	**386**
Net provisioning for impairment losses	13	(11)	(16)	(106)
Other results	(45)	(6)	2	(52)
Profit/loss before tax	**(129)**	**13**	**(57)**	**229**
Income taxes	6	(19)	0	(91)
Profit/loss after tax	**(122)**	**(6)**	**(57)**	**138**
Profit attributable to non-controlling interests	(3)	0	8	(24)
Profit/loss after deduction of non-controlling interests	**(126)**	**(6)**	**(50)**	**114**
Risk-weighted assets (credit risk)	13,714	9,176	(13,074)	51,173
Risk-weighted assets (total RWA)	15,288	10,638	(14,148)	63,093
Total capital requirement	1,223	851	(1,132)	5,047
Assets	24,374	17,825	(20,749)	114,511
Liabilities	19,563	15,724	(14,173)	105,854
Net interest margin (average interest-bearing assets)	–	2.08%	–	2.73%
NPL ratio	–	15.3%	–	11.4%
NPL coverage ratio	–	64.3%	–	70.2%
Cost/income ratio	–	77.1%	–	65.0%
Provisioning ratio (average loans and advances to customers)	–	0.28%	–	0.46%
Average equity	2,011	1,484	(1,856)	8,480
Return on equity before tax	**–**	**3.6%**	**–**	**10.8%**
Business outlets	0	371	–	2,667

1/1-31/3/2015 in € million	Central Europe	Southeastern Europe	Eastern Europe[1]	Group Corporates	Group Markets
Net interest income	167	193	249	83	27
Net fee and commission income	97	87	93	14	27
Net trading income	16	12	(48)	0	22
Recurring other net operating income	(9)	4	(5)	1	2
Operating income	**272**	**295**	**289**	**98**	**79**
General administrative expenses	(150)	(159)	(130)	(32)	(58)
Operating result	**122**	**136**	**159**	**66**	**21**
Net provisioning for impairment losses	(22)	(41)	(134)	(47)	(1)
Other results	(38)	(6)	59	(4)	(7)
Profit/loss before tax	**62**	**89**	**84**	**16**	**13**
Income taxes	(19)	(12)	(35)	(4)	(3)
Profit/loss after tax	**43**	**77**	**50**	**12**	**10**
Profit attributable to non-controlling interests	(22)	0	(1)	0	0
Profit/loss after deduction of non-controlling interests	**21**	**77**	**49**	**12**	**10**
Risk-weighted assets (credit risk)	12,160	12,045	12,204	8,654	2,871
Risk-weighted assets (total RWA)	14,343	14,532	14,602	9,499	5,055
Total capital requirement	1,147	1,163	1,168	760	404
Assets	25,131	21,432	17,618	16,593	18,543
Liabilities	22,877	18,335	15,732	11,357	22,026
Net interest margin (average interest-bearing assets)	2.79%	3.83%	6.38%	1.91%	0.97%
NPL ratio	10.3%	13.2%	14.9%	8.2%	7.5%
NPL coverage ratio	71.6%	67.2%	86.3%	51.7%	78.9%
Cost/income ratio	55.1%	53.8%	45.0%	32.4%	73.8%
Provisioning ratio (average loans and advances to customers)	0.47%	1.23%	4.31%	1.17%	0.12%
Average equity	1,706	1,667	1,631	1,099	530
Return on equity before tax	**14.6%**	**21.4%**	**20.6%**	**5.7%**	**9.6%**
Business outlets	419	1,072	980	1	5

1 Restated in accordance with IFRS 8.41. Please see the 2015 annual report for details.

1/1-31/3/2015 in € million	Corporate Center	Non-Core[1]	Reconciliation	Total[1]
Net interest income	252	106	(258)	820
Net fee and commission income	5	41	(5)	360
Net trading income	(72)	2	7	(62)
Recurring other net operating income	26	3	(22)	0
Operating income	**212**	**152**	**(278)**	**1,118**
General administrative expenses	(79)	(105)	22	(691)
Operating result	**132**	**47**	**(256)**	**427**
Net provisioning for impairment losses	(3)	(16)	3	(260)
Other results	28	(1)	(10)	21
Profit/loss before tax	**157**	**30**	**(263)**	**188**
Income taxes	(3)	(13)	0	(88)
Profit/loss after tax	**155**	**17**	**(263)**	**100**
Profit attributable to non-controlling interests	(1)	0	8	(17)
Profit/loss after deduction of non-controlling interests	**154**	**17**	**(255)**	**83**
Risk-weighted assets (credit risk)	15,811	11,801	(16,048)	59,498
Risk-weighted assets (total RWA)	17,715	13,253	(15,517)	73,482
Total capital requirement	1,417	1,060	(1,241)	5,879
Assets	29,446	21,660	(26,369)	124,054
Liabilities	26,265	19,603	(20,672)	115,522
Net interest margin (average interest-bearing assets)	–	2.07%	–	2.94%
NPL ratio	–	14.2%	–	11.9%
NPL coverage ratio	–	52.4%	–	66.2%
Cost/income ratio	37.5%	69.3%	–	61.8%
Provisioning ratio (average loans and advances to customers)	–	0.43%	–	1.30%
Average equity	2,154	1,453	(1,978)	8,260
Return on equity before tax	**29.2%**	**8.2%**	**–**	**9.1%**
Business outlets	0	374	–	2,851

1 Restated in accordance with IFRS 8.41. Please see the 2015 annual report for details.

Notes

Principles underlying the consolidated financial statements

Principles of preparation

The condensed interim consolidated financial statements are prepared in accordance with the International Financial Reporting Standards (IFRS) published by the International Accounting Standards Board (IASB) and the international accounting standards adopted by the EU on the basis of IAS Regulation (EC) 1606/2002 including the applicable interpretations of the International Financial Reporting Interpretations Committee (IFRIC/SIC). The condensed consolidated interim financial statements as at March 31, 2016 are prepared in accordance with IAS 34.

Some IFRS explanatory notes which are included outside the interim consolidated financial statements are an integral part of the interim consolidated financial statements. These are firstly explanations on net income from segments, which are included in the notes on segment reporting, and secondly information on risks arising from financial instruments. In addition to the disclosures pursuant to IFRS 7 which are included in the notes, the chapter on the risk report in particular contains detailed information on credit risk, concentration risk, market risk and liquidity risk. This information is presented in accordance with IAS 34, IFRS 8 "Operating Segments" and IFRS 7 "Financial Instruments Disclosures".

The same recognition and measurement principles and consolidation methods were fundamentally applied in the interim reporting, as those used in preparing the consolidated financial statements 2015 (see Annual Report 2015, page 203 ff). Standards and interpretations to be applied in the EU from January 1, 2016 onward were accounted for in this interim report.

The interim report as at March 31, 2016 did not undergo a complete audit, nor did it undergo an audit inspection carried out by the certified auditor KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, Vienna (framework prime market of the Vienna Stock Exchange).

Critical accounting judgements and key sources of estimation uncertainty

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 from the current perspective. This primarily affects impairment losses in the credit business, the fair value and the impairment of financial instruments, deferred taxes, provisions for pensions and pension-related liabilities, and calculations used to determine the recoverability of goodwill and the intangible asset values capitalized in the course of the initial consolidation. The actual values may deviate from the estimated figures.

Application of new and revised standards

A number of new or amended standards became applicable for the first time for the period under review. The first-time application of the new and revised IFRS standards had no material impact on the interim consolidated financial statements as the amendments had been contingently applicable.

Standards and interpretations not yet applicable

IFRS 9 (Financial Instruments; entry into force January 1, 2018)

The published IFRS 9 (financial instruments) contains requirements for the classification, measurement, derecognition of and accounting for hedging relationships. The IASB published the final version of the standard within the context of completion of the various phases on July 24, 2014. Key requirements of IFRS 9 are:

According to IFRS 9, all financial assets must be measured at amortized cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are measured at amortized cost at the end of subsequent accounting periods. All other instruments must be measured at fair value.

IFRS 9 also includes an irrevocable option to recognize subsequent changes in the fair value of an equity instrument (not held for trading purposes) in other comprehensive income and to recognize only dividend income in the profit and loss statement.

With regard to the measurement of financial liabilities (designated as measured at fair value through profit or loss), IFRS 9 requires that changes in fair value arising out of changes in the default risk of the reporting entity are to be recognized in other comprehensive income. Changes in fair value attributable to a reporting entity's own credit risk may not be subsequently reclassified to profit or loss.

For subsequent measurement of financial assets measured at amortized cost, IFRS 9 provides for three stages which determine the future amount of losses to be recognized and the recognition of interest. The first stage requires that at the time of initial recognition, expected losses must be shown in the amount of the present value of an expected twelve-month loss. If there is a significant increase in the default risk, the risk provision must be increased up to the amount of the expected full lifetime loss (stage 2). When there is an objective indication of an impairment, the interest in stage 3 must be recognized on the basis of the net carrying amount.

In addition to transitional provisions, IFRS 9 also includes extensive provisions on disclosure both during transition and during ongoing application. New provisions relate in particular to impairment.

The Group anticipates that the application of IFRS 9 in the future may have an impact on amounts reported in respect of the Group's financial assets and financial liabilities. It is expected that overall, IFRS 9 will increase the level of risk provision. This estimate is based on the requirement to recognize a risk provision in the amount of the expected loan defaults for the first twelve months even for those instruments where the credit risk has not increased significantly since initial recognition. Moreover, it is based on the estimate that the volume of assets for which the "lifetime expected loss" is applied is probably larger than the volume of assets where loss events pursuant to IAS 39 have already occurred. The mandatory date of the initial application of IFRS 9 will be January 1, 2018.

IFRS 15 (Revenue from contracts with customers; entry into force January 1, 2018)

The standard regulates when revenue is recognized and how much revenue is recognized. IFRS 15 replaces IAS 18 (Revenue), IAS 11 (Construction contracts) and a series of revenue-related interpretations. The application of IFRS 15 is obligatory for all IFRS users and is applicable to almost all contracts with customers – the material exemptions are leasing contracts, financial instruments and insurance contracts. The consequences for the Group are still being analyzed.

IFRS 16 (Leases; entry into force January 1, 2019)

For lessees, the new standard establishes an accounting model which does not distinguish between financial leasing and operating leasing. In future, most lease agreements will have to be recognized in the statement of financial position. For lessors, the rules under IAS 17 (Leases) remain largely valid, meaning that in future it will still also be necessary to distinguish between financial and operating leasing with corresponding different accounting consequences. The consequences for the Group are still being analyzed.

Currencies

Rates in units per €	2016 As at 31/3	2016 Average 1/1-31/3	2015 As at 31/12	2015 Average 1/1-31/3
Albanian lek (ALL)	138.770	138.243	137.280	140.140
Belarusian rouble (BYR)	22,779.000	22,461.750	20,300.000	16,112.500
Bosnian marka (BAM)	1.956	1.956	1.956	1.956
Bulgarian lev (BGN)	1.956	1.956	1.956	1.956
Kazakh tenge (KZT)	388.240	385.698	371.310	210.098
Croatian kuna (HRK)	7.526	7.612	7.638	7.672
Malaysian Ringgit (MYR)	4.408	4.555	4.696	4.101
Polish zloty (PLN)	4.258	4.329	4.264	4.180
Romanian leu (RON)	4.472	4.502	4.524	4.444
Russian rouble (RUB)	76.305	80.617	80.674	70.976
Swiss franc (CHF)	1.093	1.096	1.084	1.090
Serbian dinar (RSD)	122.925	122.825	121.626	121.263
Singapore dollar (SGD)	1.530	1.540	1.542	1.535
Czech koruna (CZK)	27.051	27.039	27.023	27.626
Ukrainian hryvnia (UAH)	29.689	28.278	26.223	23.596
Hungarian forint (HUF)	314.120	313.348	315.980	307.508
US-Dollar (USD)	1.139	1.102	1.089	1.136

Consolidated group

Number of units	Fully consolidated 31/3/2016	Fully consolidated 31/12/2015	Equity method 31/3/2016	Equity method 31/12/2015
As at beginning of period	**120**	**135**	**0**	**0**
Included for the first time in the financial period	1	15	0	0
Merged in the financial period	0	(2)	0	0
Excluded in the financial period	(9)	(28)	0	0
As at end of period	**112**	**120**	**0**	**0**

The company firstly integrated into the Group is operating in leasing business. Eight entities were excluded due to immateriality and one company was sold.

Notes to the income statement

(1) Income statement according to measurement categories

in € million	1/1-31/3/2016	1/1-31/3/2015
Net income from financial assets and liabilities held-for-trading	113	152
Net income from financial assets and liabilities at fair value through profit or loss	25	181
Net income from financial assets available-for-sale	8	(4)
Net income from loans and advances	779	847
Net income from financial assets held-to-maturity	46	37
Net income from financial liabilities measured at acquisition cost	(313)	(481)
Net income from derivatives (hedging)	43	62
Net revaluations from exchange differences	(61)	(211)
Sundry operating income and expenses	(410)	(394)
Profit/loss before tax	**229**	**188**

(2) Net interest income

in € million	1/1-31/3/2016	1/1-31/3/2015[1]
Interest and interest-like income, total	**1,031**	**1,300**
Interest income	1,023	1,295
from balances at central banks	7	12
from loans and advances to banks	39	42
from loans and advances to customers	797	1,005
from financial investments	69	81
from leasing claims	40	44
from derivative financial instruments - economic hedge	30	54
from derivative financial instruments - hedge accounting	40	57
Current income	7	2
from shares and other variable-yield securities	1	1
from shares in affiliated companies	5	1
Interest-like income	4	4
Negative interest from financial assets	(3)	0
Interest expenses and interest-like expenses, total	**(313)**	**(480)**
Interest expenses	(307)	(478)
on deposits from central banks	(7)	(20)
on deposits from banks	(50)	(59)
on deposits from customers	(170)	(301)
on debt securities issued	(37)	(48)
on subordinated capital	(43)	(51)
Interest-like expenses	(9)	(2)
Negative interest from financial liabilities	3	0
Total	**718**	**820**

1 Adaptation of previous year figures due to different allocation.

(3) Net provisioning for impairment losses

in € million	1/1-31/3/2016	1/1-31/3/2015
Individual loan loss provisions	**(117)**	**(220)**
Allocation to provisions for impairment losses	(379)	(478)
Release of provisions for impairment losses	252	281
Direct write-downs	(9)	(37)
Income received on written-down claims	19	15
Portfolio-based loan loss provisions	**11**	**(42)**
Allocation to provisions for impairment losses	(85)	(152)
Release of provisions for impairment losses	96	109
Gains from loan termination or sale	**1**	**1**
Total	**(106)**	**(260)**

(4) Net fee and commission income

in € million	1/1-31/3/2016	1/1-31/3/2015
Payment transfer business	146	148
Loan and guarantee business	41	48
Securities business	31	36
Foreign currency, notes/coins, and precious metals business	88	92
Management of investment and pension funds	9	12
Sale of own and third party products	15	11
Other banking services	17	13
Total	**347**	**360**

(5) Net trading income

in € million	1/1-31/3/2016	1/1-31/3/2015[1]
Interest-based transactions	26	80
Currency-based transactions	16	(149)
Equity-/index-based transactions	(8)	7
Other transactions	(3)	0
Total	**28**	**(62)**

1 Adaptation of previous year figures due to different allocation.

In the previous year's period the item currency-based transactions included a valuation loss from a hedging transaction related to Russian rouble-denominated dividend income amounting to € 53 million. The refinancing expenses for trading assets that are included in net trading income amounted to € 7 million (comparable period: € 6 million).

(6) Income from derivatives and liabilities

in € million	1/1-31/3/2016	1/1-31/3/2015
Net income from hedge accounting	3	5
Net income from other derivatives	(7)	(51)
Net income from liabilities designated at fair value	(23)	66
Income from repurchase of liabilities	0	(1)
Total	**(27)**	**20**

Net income from other derivatives includes valuation results from those derivatives, which are held to hedge against market risks (except trading assets/liabilities). They are based on a non-homogeneous portfolio and do not satisfy the requirements for hedge accounting according to IAS 39.

(7) Net income from financial investments

in € million	1/1-31/3/2016	1/1-31/3/2015
Net income from securities held-to-maturity	**13**	**0**
Net proceeds from sales of securities	13	0
Net income from equity participations	**1**	**(5)**
Net valuations of equity participations	0	(7)
Net proceeds from sales of equity participations	1	2
Net income from securities at fair value through profit and loss	**11**	**69**
Net valuations of securities	9	71
Net proceeds from sales of securities	2	(2)
Net income from available-for-sale securities	**2**	**0**
Total	**26**	**64**

(8) General administrative expenses

in € million	1/1-31/3/2016	1/1-31/3/2015
Staff expenses	(347)	(345)
Other administrative expenses	(302)	(274)
hereof operating other administrative expenses	(227)	(235)
hereof regulatory other administrative expenses	(75)	(39)
Depreciation of tangible and intangible fixed assets	(68)	(71)
Total	**(718)**	**(691)**

Staff expenses

in € million	1/1-31/3/2016	1/1-31/3/2015
Wages and salaries	(270)	(266)
Social security costs and staff-related taxes	(63)	(63)
Other voluntary social expenses	(9)	(10)
Sundry staff expenses	(5)	(6)
Total	**(347)**	**(345)**

Other administrative expenses

in € million	1/1-31/3/2016	1/1-31/3/2015
Office space expenses	(63)	(68)
IT expenses	(68)	(66)
Communication expenses	(19)	(17)
Legal, advisory and consulting expenses	(18)	(23)
Advertising, PR and promotional expenses	(18)	(18)
Office supplies	(5)	(6)
Car expenses	(4)	(4)
Security expenses	(7)	(8)
Traveling expenses	(3)	(3)
Training expenses for staff	(2)	(2)
Sundry administrative expenses	(19)	(21)
Operating other administrative expenses	**(227)**	**(235)**
Deposit insurance fees	(29)	(28)
Resolution fund	(46)	(11)
Regulatory other administrative expenses	**(75)**	**(39)**
Total	**(302)**	**(274)**

Depreciation of tangible and intangible fixed assets

in € million	1/1-31/3/2016	1/1-31/3/2015
Tangible fixed assets	(28)	(30)
Intangible fixed assets	(33)	(34)
Leased assets (operating lease)	(8)	(7)
Total	**(68)**	**(71)**

(9) Other net operating income

in € million	1/1-31/3/2016	1/1-31/3/2015[1]
Net income arising from non-banking activities	9	5
Rental income from operating lease (vehicles and equipment)	7	7
Rental income from investment property incl. operating lease (real estate)	11	10
Net proceeds from disposal of tangible and intangible fixed assets	2	0
Other taxes	(21)	(17)
Net expense from allocation and release of other provisions	(1)	(3)
Sundry operating income and expenses	4	(1)
Recurring other net operating income	**11**	**0**
Bank levies	(49)	(64)
Profit/loss from banking business due to governmental measures	(3)	0
Total	**(41)**	**(63)**

1 Adaptation of previous year figures due to different allocation.

(10) Net income from disposal of group assets

In the reporting period, eight subsidiaries were excluded from the consolidated group due to immateriality. Moreover, one subsidiary was excluded due to sale. Net income from disposal of group assets amounted to € 3 million. Moreover, the provision for the expected loss from sale of Raiffeisen Bank d.d., Maribor, has been raised by € 1 million.

(11) Income taxes

in € million	1/1-31/3/2016	1/1-31/3/2015
Current income taxes	(72)	(80)
Austria	(16)	(14)
Foreign	(56)	(67)
Deferred taxes	(19)	(7)
Total	**(91)**	**(88)**

Notes to the statement of financial position

(12) Statement of financial position according to measurement categories

Assets according to measurement categories in € million	31/3/2016	31/12/2015
Cash reserve	8,130	13,212
Trading assets	6,678	6,678
Financial assets at fair value through profit or loss	4,209	5,363
Financial assets available-for-sale	3,778	3,428
Loans and advances	81,658	75,646
Financial assets held-to-maturity	6,381	6,452
Derivatives (hedging)	800	709
Other assets	2,877	2,937
Total assets	**114,511**	**114,427**

Positive fair values of derivatives not designated as hedging instruments according to IAS 39 hedge accounting are reported in the measurement category trading assets. The measurement category financial assets available-for-sale comprises other affiliated companies, other equity participations as well as non fixed-interest and fixed-interest securities. Loans and advances are reported on a net basis after provisions for impairment losses. Other assets comprise intangible, tangible fixed assets and assets held for sale according to IFRS 5. For further details concerning IFRS 5 Non-current assets held for sale and discontinued operations please see item (22) Other assets "Application of IFRS 5".

Equity and liabilities according to measurement categories in € million	**31/3/2016**	**31/12/2015**
Trading liabilities	5,795	5,641
Financial liabilities	97,706	97,809
Liabilities at fair value through profit and loss	1,184	1,227
Derivatives (hedging)	384	435
Provisions for liabilities and charges	784	814
Equity	8,658	8,501
Total equity and liabilities	**114,511**	**114,427**

Negative fair values of derivatives not designated as hedging instruments according to IAS 39 hedge accounting are reported in the measurement category trading liabilities.

(13) Cash reserve

in € million	**31/3/2016**	**31/12/2015**
Cash in hand	2,149	2,495
Balances at central banks	5,981	10,717
Total	**8,130**	**13,212**

(14) Loans and advances to banks

Loans and advances to banks classified regionally (counterparty's seat) are as follows:

in € million	**31/3/2016**	**31/12/2015**
Austria	2,964	3,384
Foreign	12,135	7,453
Total	**15,099**	**10,837**

(15) Loans and advances to customers

in € million	**31/3/2016**	**31/12/2015**
Credit business	44,549	44,551
Money market business	4,411	2,963
Mortgage loans	16,396	16,815
Purchased loans	1,680	1,775
Leasing claims	3,144	3,170
Claims evidenced by paper	694	647
Total	**70,875**	**69,921**

in € million	31/3/2016	31/12/2015
Sovereigns	790	814
Corporate customers – large corporates	42,459	41,685
Corporate customers – mid market	2,777	2,787
Retail customers – private individuals	22,040	21,878
Retail customers – small and medium-sized entities	2,809	2,757
Total	**70,875**	**69,921**

Loans and advances to customers classified regionally (counterparty's seat) are as follows:

in € million	31/3/2016	31/12/2015
Austria	5,529	5,297
Foreign	65,346	64,624
Total	**70,875**	**69,921**

(16) Impairment losses on loans and advances

in € million	31/3/2016	31/12/2015
Banks	116	120
Sovereigns	5	5
Corporate customers – large corporates	3,617	3,778
Corporate customers – mid market	277	289
Retail customers – private individuals	1,512	1,584
Retail customers – small and medium-sized entities	277	278
Total	**5,804**	**6,055**

(17) Trading assets

in € million	31/3/2016	31/12/2015
Bonds, notes and other fixed-interest securities	2,329	2,778
Shares and other variable-yield securities	234	203
Positive fair values of derivative financial instruments	3,181	2,833
Total	**5,744**	**5,814**

Pledged securities ready to be sold or repledged by transferee shown under trading assets amounted to € 92 million (31/12/2015: € 1,080 million).

(18) Derivatives

in € million	31/3/2016	31/12/2015
Positive fair values of derivatives in fair value hedges (IAS 39)	771	692
Positive fair values of derivatives in net investment hedge (IAS 39)	26	17
Positive fair values of other derivatives	934	864
Total	**1,734**	**1,574**

(19) Financial investments

in € million	31/3/2016	31/12/2015
Bonds, notes and other fixed-interest securities	13,956	14,915
Shares and other variable-yield securities	7	6
Equity participations	406	322
Total	**14,369**	**15,244**

Pledged securities ready to be sold or repledged by the transferee shown under financial investments amounted to € 452 million (31/12/2015: € 260 million).

(20) Intangible fixed assets

in € million	31/3/2016	31/12/2015
Software	521	531
Goodwill	42	40
Other intangible fixed assets	58	50
Total	**620**	**621**

(21) Tangible fixed assets

in € million	31/3/2016	31/12/2015
Land and buildings used by the Group for own purpose	478	487
Other land and buildings (investment property)	463	471
Office furniture, equipment and other tangible fixed assets	226	231
Leased assets (operating lease)	244	285
Total	**1,411**	**1,473**

(22) Other assets

in € million	31/3/2016	31/12/2015
Tax assets	295	323
Current tax assets	59	59
Deferred tax assets	235	263
Receivables arising from non-banking activities	56	64
Prepayments and other deferrals	172	132
Clearing claims from securities and payment transfer business	169	134
Lease in progress	53	44
Assets held for sale	775	774
Inventories	71	69
Valuation fair value hedge portfolio	40	24
Any other business	703	223
Total	**2,334**	**1,786**

Application of IFRS 5

The item assets held for sale mainly comprises Raiffeisen Banka d.d., Maribor, and ZUNO BANK AG, Vienna.

In the consolidated financial statements of RBI, these companies are reported on the statement of financial position as of 31 March 2016 as assets held for sale under the items other assets and other liabilities, on the basis of IFRS 5 application criteria. In accordance with IFRS 5 disclosure requirements, the statement of financial position items (assets and liabilities) relating to the above companies have been neither reclassified nor otherwise changed for prior periods. As the sales do not meet any of the criteria set out in IFRS 5.32, they are not classified as discontinued operations.

In December 2015, RBI signed the contract for the sale of its 100 per cent stake in Raiffeisen Banka d.d., Maribor, to Biser Bidco. Biser Bidco is a company managed by Apollo Global Management, LLC and is not a related party of RBI. Due to procedural aspects in respect to formal approval of the transaction by the financial market regulatory authorities, closing of the transaction is expected in the first half of 2016.

On a consolidated basis, the asset held for sale in accordance with IFRS 5 is measured at the lower of carrying amount and fair value less disposal costs. As the sales contract was signed before the end of the fourth quarter, the agreed purchase price is the best indicator of the fair value of the asset held for sale. The agreed sales price is lower than the equity of Raiffeisen Banka d.d., Maribor, which amounted to € 47 million as of 31 March 2015. The resulting impairment loss was initially allocated to the non-current assets of the asset held for sale in accordance with IFRS 5. A provision for onerous contracts in accordance with IAS 37 was formed for the remaining impairment loss, as the contractual obligation already existed on 31 December 2015.

In the fist quarter 2016, the impairment loss relating to non-financial assets as well as the charge for the provision for the onerous contract were raised by € 1 million to € 53 million.

In September 2015, Raiffeisen Bank International signed the contract for the sale of its 100 per cent stake in ZUNO BANK AG, Vienna, to ABH Holdings S.A., the parent company of Alfa Banking Group, domiciled in Luxembourg. In the first quarter 2016, ABH Holdings S.A., the entity with which RBI had reached an agreement in 2015, withdrew from the purchase contract. The reasons for the withdrawal are not connected with the company for sale. RBI's intention to sell remains unchanged and negotiations with potential buyers are being resumed. On a consolidated basis, the asset held for sale in accordance with IFRS 5 is valued at the lower of carrying amount and fair value less disposal costs. Despite the withdrawal of the buyer, it is assumed that the expected sales price will be higher than the equity of the company, which amounted to € 21 million as of 31 March 2016.

The carrying amount of assets and liabilities of the companies sold are as follows:

31/3/2016 in € million	ZUNO	RBSI	Others	Total
Cash reserve	123	168	0	291
Loans and advances to banks	0	12	0	12
Loans and advances to customers	80	318	0	397
Impairment losses on loans and advances	(6)	(58)	0	(64)
Financial investments	3	103	0	106
Intangible fixed assets	3	0	0	3
Tangible fixed assets	2	0	0	2
Other assets	5	3	20	8
Total assets	**210**	**545**	**20**	**775**

31/3/2016 in € million	ZUNO	RBSI	Others	Total
Deposits from banks	0	64	0	64
Deposits from customers	810	404	0	1,213
Provisions for liabilities and charges	2	3	0	5
Other liabilities	5	6	0	10
Total liabilities	**817**	**476**	**0**	**1,292**

31/12/2015 in € million	ZUNO	RBSI	Others	Total
Cash reserve	57	214	0	271
Loans and advances to banks	0	12	0	12
Loans and advances to customers	75	340	0	415
Impairment losses on loans and advances	(5)	(62)	0	(67)
Financial investments	3	108	0	111
Intangible fixed assets	4	0	0	4
Tangible fixed assets	1	0	0	1
Other assets	1	2	0	28
Total assets	**136**	**614**	**0**	**774**

31/12/2015 in € million	ZUNO	RBSI	Others	Total
Deposits from banks	0	70	0	70
Deposits from customers	773	436	0	1,209
Provisions for liabilities and charges	2	3	0	5
Other liabilities	4	6	0	10
Total liabilities	**779**	**515**	**0**	**1,294**

ZUNO: ZUNO BANK AG, Vienna
RBSI: Raiffeisen Banka d.d., Maribor

The item other comprehensive income comprises cumulative expenses of € 4 million resultig from negative exchange differences, which are reclassified to income statement at the date of deconsolidation.

(23) Deposits from banks

Deposits from banks classified regionally (counterparty's seat) break down as follows:

in € million	31/3/2016	31/12/2015
Austria	6,111	6,004
Foreign	10,712	10,366
Total	**16,823**	**16,369**

(24) Deposits from customers

in € million	31/3/2016	31/12/2015
Sight deposits	38,341	37,488
Time deposits	26,564	28,409
Savings deposits	3,203	3,094
Total	**68,107**	**68,991**

in € million	31/3/2016	31/12/2015
Sovereigns	1,435	1,713
Corporate customers – large corporates	29,781	30,644
Corporate customers – mid market	2,792	2,990
Retail customers – private individuals	28,939	28,548
Retail customers – small and medium-sized entities	5,160	5,096
Total	**68,107**	**68,991**

Deposits from customers classified regionally (counterparty's seat) are as follows:

in € million	31/3/2016	31/12/2015
Austria	7,106	7,743
Foreign	61,001	61,248
Total	**68,107**	**68,991**

(25) Debt securities issued

in € million	31/3/2016	31/12/2015
Bonds and notes issued	7,169	7,402
Money market instruments issued	143	94
Other debt securities issued	3	5
Total	**7,316**	**7,502**

(26) Provisions for liabilities and charges

in € million	31/3/2016	31/12/2015
Severance payments and other	90	90
Retirement benefits	30	30
Taxes	141	136
Current	88	78
Deferred	53	57
Contingent liabilities and commitments	93	99
Pending legal issues	77	81
Overdue vacation	51	47
Bonus payments	140	130
Restructuring	17	15
Provisions for banking business due to governmental measures	7	115
Other	137	72
Total	**784**	**814**

As at 31 March 2016, the item other includes provisions related to the resolution fund of € 49 million. The decline of provisions for banking business due to governmental measures is mainly due to the law in Croatia to enforce the conversion of loans denominated in Swiss francs at the historical rates at the time of lending.

(27) Trading liabilities

in € million	31/3/2016	31/12/2015
Negative fair values of derivative financial instruments	**4,223**	**3,943**
Interest-based transactions	2,194	2,005
Currency-based transactions	749	784
Equity-/index-based transactions	1,157	1,024
Credit derivatives business	2	2
Other transactions	121	128
Short-selling of trading assets	**433**	**453**
Certificates issued	**696**	**695**
Total	**5,351**	**5,092**

(28) Derivatives

in € million	31/3/2016	31/12/2015
Negative fair values of derivatives in fair value hedges (IAS 39)	177	195
Negative fair values of derivatives in cash flow hedges (IAS 39)	207	240
Negative fair values of other derivative financial instruments	444	549
Total	**828**	**984**

(29) Other liabilities

in € million	31/3/2016	31/12/2015
Liabilities from non-banking activities	65	75
Liabilities from insurance contracts	0	0
Accruals and deferred items	221	215
Liabilities from dividends	3	1
Clearing claims from securities and payment transfer business	305	168
Valuation fair value hedge portfolio	94	64
Liabilities held for sale (IFRS 5)	1,292	1,294
Other liabilities	430	193
Total	**2,410**	**2,010**

The item liabilities held for sale comprises the disposal groups Raiffeisen Banka d.d., Maribor, and ZUNO BANK AG, Vienna.

(30) Subordinated capital

in € million	31/3/2016	31/12/2015
Hybrid tier 1 capital	397	397
Subordinated liabilities and supplementary capital	3,837	3,768
Total	**4,234**	**4,164**

(31) Equity

in € million	31/3/2016	31/12/2015
Consolidated equity	7,999	7,588
Subscribed capital	892	892
Capital reserves	4,994	4,994
Retained earnings	2,112	1,702
Consolidated profit/loss	114	379
Non-controlling interests	545	535
Total	**8,658**	**8,501**

As at 31 March 2016 subscribed capital of RBI AG as defined by the articles of incorporation amounted to € 894 million. After deduction of 557,295 own shares, the stated subscribed capital totaled € 892 million.

(32) Transferred assets

The following table shows the carrying amount of transferred assets:

31/3/2016	Transferred assets			Associated liabilities		
in € million	Carrying amount	hereof securitizations	hereof repurchase agreements	Carrying amount	hereof securitizations	hereof repurchase agreements
Loans and advances	613	321	292	576	262	314
Trading assets	54	0	54	52	0	52
Financial investments	31	0	31	31	0	31
Total	**698**	**321**	**377**	**659**	**262**	**397**

31/12/2015	Transferred assets			Associated liabilities		
in € million	Carrying amount	hereof securitizations	hereof repurchase agreements	Carrying amount	hereof securitizations	hereof repurchase agreements
Loans and advances	390	328	63	324	268	55
Trading assets	288	0	288	252	0	252
Financial investments	38	0	38	36	0	36
Total	**716**	**328**	**389**	**611**	**268**	**343**

(33) Assets pledged as collateral and received financial assets

Significant limitations regarding the access or use of group assets:

	31/3/2016		31/12/2015	
in € million	Pledged	Otherwise restricted with liabilities	Pledged	Otherwise restricted with liabilities
Loans and advances[1]	6,946	2,135	6,733	1,983
Trading assets[2]	92	57	1,078	56
Financial investments	708	215	573	7
Total	**7,746**	**2,407**	**8,383**	**2,047**

1 Without loans and advances from reverse repo and securities lending business.
2 Without derivatives.

The group received collateral, for which selling or repledging is permitted as long as no default occurs in the course of reverse repo transactions, securities lending, derivative or other transactions.

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

in € million	31/3/2016	31/12/2015
Securities and other financial assets accepted as collateral which can be sold or repledged	9,096	1,781
hereof which have been sold or repledged	1,155	308

(34) 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.

31/3/2016	Gross amount		Net amount	Related amounts not set-off in the statement of financial position		Net amount
in € million	of recognized assets set-off in the statement of financial position	of recognized liabilities set-off in the statement of financial position	of recognized assets set-off in the statement of financial position	Financial instruments	Cash collateral received	
Derivatives (legally enforceable)	5,172	912	4,260	2,887	43	1,330
Reverse repurchase, securities lending & similar agreements (legally enforceable)	7,476	0	7,476	7,455	0	21
Other financial instruments (legally enforceable)	235	14	222	0	0	222
Total	**12,883**	**926**	**11,957**	**10,342**	**43**	**1,572**

31/3/2016	Gross amount		Net amount	Related amounts not set-off in the statement of financial position		Net amount
in € million	of recognized liabilities set-off in the statement of financial position	of recognized assets set-off in the statement of financial position	of recognized liabilities set-off in the statement of financial position	Financial instruments	Cash collateral pledged	
Derivatives	4,676	912	3,764	2,420	213	1,130
Repurchase, securities lending & similar agreements	259	0	259	256	0	3
Other financial instruments	111	14	98	0	0	98
Total	**5,046**	**926**	**4,120**	**2,676**	**213**	**1,231**

31/12/2015	Gross amount		Net amount	Related amounts not set-off in the statement of financial position		Net amount
in € million	of recognized assets set-off in the statement of financial position	of recognized liabilities set-off in the statement of financial position	of recognized assets set-off in the statement of financial position	Financial instruments	Cash collateral received	
Derivatives (legally enforceable)	4,398	564	3,834	2,694	33	1,108
Reverse repurchase, securities lending & similar agreements	1,327	0	1,327	1,311	0	16
Other financial instruments	213	14	198	0	0	198
Total	**5,938**	**578**	**5,360**	**4,004**	**33**	**1,322**

31/12/2015	Gross amount		Net amount	Related amounts not set-off in the statement of financial position		Net amount
in € million	of recognized liabilities set-off in the statement of financial position	of recognized assets set-off in the statement of financial position	of recognized liabilities set-off in the statement of financial position	Financial instruments	Cash collateral pledged	
Derivatives	4,320	564	3,756	2,657	171	928
Repurchase, securities lending & similar agreements	225	0	225	217	0	8
Other financial instruments	101	14	87	0	0	87
Total	**4,646**	**578**	**4,068**	**2,874**	**171**	**1,023**

(35) Derivatives

31/3/2016	Nominal amount by maturity				Fair values	
in € million	Up to 1 year	More than 1 year to 5 years	More than 5 years	Total	Positive	Negative
Interest rate contracts	30,557	62,012	48,589	141,158	3,568	(2,592)
Foreign exchange rate and gold contracts	44,623	9,777	2,273	56,673	1,244	(1,179)
Equity/index contracts	1,337	1,961	390	3,689	101	(1,157)
Commodities	163	117	63	343	1	(111)
Credit derivatives	471	830	75	1,376	1	(2)
Precious metals contracts	11	2	11	25	0	(11)
Total	**77,163**	**74,700**	**51,402**	**203,264**	**4,916**	**(5,050)**

31/12/2015	Nominal amount by maturity				Fair values	
in € million	Up to 1 year	More than 1 year to 5 years	More than 5 years	Total	Positive	Negative
Interest rate contracts	31,185	62,690	47,476	141,351	3,180	(2,390)
Foreign exchange rate and gold contracts	47,617	10,253	2,231	60,101	1,154	(1,383)
Equity/index contracts	1,251	1,822	403	3,476	70	(1,024)
Commodities	141	129	44	314	0	(111)
Credit derivatives	494	992	0	1,486	2	(2)
Precious metals contracts	22	11	0	33	0	(17)
Total	**80,710**	**75,897**	**50,154**	**206,761**	**4,406**	**(4,927)**

(36) Fair Value of financial instruments

Fair value of financial instruments reported at fair value

in € million	31/3/2016 Level I	31/3/2016 Level II	31/3/2016 Level III	31/12/2015 Level I	31/12/2015 Level II	31/12/2015 Level III
Trading assets	**2,404**	**4,264**	**20**	**2,764**	**3,890**	**24**
Positive fair values of derivatives[1]	98	4,023	4	64	3,630	2
Shares and other variable-yield securities	233	0	0	203	0	0
Bonds, notes and other fixed-interest securities	2,073	240	16	2,497	259	22
Financial assets at fair value through profit or loss	**2,100**	**2,073**	**37**	**2,225**	**3,072**	**66**
Shares and other variable-yield securities	3	0	1	3	0	1
Bonds, notes and other fixed-interest securities	2,097	2,073	36	2,222	3,072	65
Financial assets available-for-sale	**3,247**	**33**	**182**	**2,930**	**96**	**171**
Other interests[2]	1	0	90	1	0	89
Bonds, notes and other fixed-interest securities	3,246	33	90	2,929	96	79
Shares and other variable-yield securities	0	0	3	0	0	2
Derivatives (hedging)	**0**	**791**	**0**	**0**	**709**	**0**
Positive fair values of derivatives from hedge accounting	0	791	0	0	709	0

1 Including other derivatives.
2 Includes securities traded on the stock exchange as well as shares measured according to income approach.

in € million	31/3/2016 Level I	31/3/2016 Level II	31/3/2016 Level III	31/12/2015 Level I	31/12/2015 Level II	31/12/2015 Level III
Trading liabilities	**615**	**5,147**	**33**	**525**	**5,087**	**29**
Negative fair values of derivative financial instruments[1]	221	4,422	23	162	4,309	22
Short-selling of trading assets	394	39	0	363	90	0
Certificates issued	0	685	11	0	688	7
Liabilities at fair value through profit and loss	**0**	**1,184**	**0**	**0**	**1,227**	**0**
Debt securities issued	0	1,184	0	0	1,227	0
Derivatives (hedging)	**0**	**384**	**0**	**0**	**435**	**0**
Negative fair values of derivatives from hedge accounting	0	384	0	0	435	0

1 Including other derivatives.

Level I Quoted market prices.
Level II Valuation techniques based on market data.
Level III Valuation techniques not based on market data.

Movements between Level I and Level II

Compared to year-end, the share of financial assets according to Level II decreased. The decrease resulted from divesture as well as a reduction of positive fair value of derivative financial instruments. Regarding bonds, notes and other fixed-interest securities, there was a slight shift from Level I to Level II. This was due to the fact that quoted market prices for these financial instruments were available at the reporting date.

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 can not be calculated on the basis of observable market data and are therefore subject to other measurement models. Financial instruments of this category have a value component unobservable on the market and having a material impact on the fair value.

in € million	As at 1/1/2016	Change in consolidated group	Exchange differences	Purchases	Sales, repayment
Trading assets	24	0	0	4	(8)
Financial assets at fair value through profit or loss	66	0	1	27	(59)
Financial assets available-for-sale	171	0	0	14	0
Derivatives (hedging)	0	0	0	0	(2)

in € million	Gains/loss in P/L	Gains/loss in other comprehensive income	Transfer to level III	Transfer from level III	As at 31/3/2016
Trading assets	(1)	0	0	0	20
Financial assets at fair value through profit or loss	2	0	0	0	37
Financial assets available-for-sale	(2)	0	0	0	182
Derivatives (hedging)	0	2	0	0	0

in € million	As at 1/1/2016	Change in consolidated group	Exchange differences	Purchases	Sales, repayment
Trading liabilities	29	0	0	0	(1)

in € million	Gains/loss in P/L	Gains/loss in other comprehensive income	Transfer to level III	Transfer from level III	As at 31/3/2016
Trading liabilities	0	0	9	(3)	33

Qualitative information for the valuation of financial instruments in Level III

Financial assets	Type	Fair value in € million	Valuation technique	Significant unobservable inputs	Range of unobservable inputs
Shares and other variable-yield securities	Closed end real estate fund	0	Net asset value	Haircuts	20 - 50%
Shares and other variable-yield securities	Shares	4	Approximation method	–	n. a.
Other investments	Shares	90	Income approach	Forecasted cash flows	-
Bonds, notes and other fixed-interest securities	Fixed coupon bonds	142	Discounted cash flow method	Credit spread	2 - 20%
Bonds, notes and other fixed-interest securities	Asset backed securities	0	Broker estimate	Probability of default Loss severity Expected prepayment rate	n. a.
Positive fair value of banking book derivatives without hedge accounting	Forward foreign exchange contract	4	Discounted cash flow method	Interest rate	10 - 30%
Total		**240**			

Financial liabilities	Type	Fair value in € million	Valuation technique	Significant unobservable inputs	Range of unobservable inputs
Negative fair value of banking book derivatives without hedge accounting	OTC options	23	Option model	Closing period Currency risk LT volatility Index category	2 - 16% 0 - 5% 0 - 3% 0 - 5%
Issued certificates for trading purposes	Certificates	11	Option model	Closing period Bid-Ask spread LT volatility Index category	0 - 3% 0 - 3% 0 - 3% 0 - 2.5%
Total		**33**			

Fair value of financial instruments not reported at fair value

31/3/2016 in € million	Level I	Level II	Level III	Fair value	Carrying amount	Difference
Assets						
Cash reserve	0	8,130	0	8,130	8,130	0
Loans and advances to banks	0	11,180	3,903	15,083	14,983	100
Loans and advances to customers	0	17,117	47,985	65,102	65,187	(85)
Financial investments	5,573	1,043	211	6,828	6,698	130
Liabilities						
Deposits from banks	0	13,944	2,955	16,899	16,823	76
Deposits from customers	0	26,659	41,710	68,370	68,107	263
Debt securities issued	285	4,079	1,832	6,196	6,132	64
Subordinated capital	0	4,173	316	4,489	4,234	255

31/12/2015 in € million	Level I	Level II	Level III	Fair value	Carrying amount	Difference
Assets						
Cash reserve	0	13,212	0	13,212	13,212	0
Loans and advances to banks	0	7,527	3,280	10,807	10,717	89
Loans and advances to customers	0	15,904	47,530	63,434	63,986	(553)
Financial investments	5,194	1,488	211	6,893	6,685	207
Liabilities						
Deposits from banks	0	13,524	2,887	16,411	16,369	42
Deposits from customers	0	27,280	42,252	69,533	68,991	542
Debt securities issued	272	4,276	1,791	6,338	6,275	64
Subordinated capital	0	4,088	406	4,494	4,164	330

(37) Contingent liabilities and commitments

in € million	31/3/2016	31/12/2015
Contingent liabilities	**8,434**	**9,387**
Acceptances and endorsements	20	26
Credit guarantees	4,124	4,929
Other guarantees	3,088	2,986
Letters of credit (documentary business)	995	1,238
Other contingent liabilities	206	208
Commitments	**10,250**	**9,980**
Irrevocable credit lines and stand-by facilities	10,250	9,980
Up to 1 year	3,085	2,894
More than 1 year	7,165	7,086

Risk report

(38) Risks arising from financial instruments

Active risk management is a core competency of the Group. In order to effectively identify, measure, and manage risks, the Group continuously develops its comprehensive risk management system. Risk management is an integral part of overall bank management. In particular, in addition to legal and regulatory requirements, it takes into account the nature, scale and complexity of the business activities and the resulting risks. The principles and organization of risk management are disclosed in the relevant chapters of the 2015 Annual Report, pages 144 ff.

Economic capital

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 for day-to-day management by volume, sensitivity, or value-at-risk limits. In the Group this planning is undertaken on a revolving basis for the upcoming three years and incorporates the future development of economic capital as well as available internal capital. Economic capital thus substantially influences the plans for future lending activities and the overall limit for taking market risks. For this purpose, a business unit's profit is set in relation to the economic capital attributed to the unit (return on risk-adjusted capital, RORAC).

Risk contribution of individual risk types to economic capital:

in € million	31/3/2016	Share	31/12/2015	Share
Credit risk corporate customers	1,505	27.8%	1,596	29.2%
Credit risk retail customers	1,242	23.0%	1,200	22.0%
Operational risk	589	10.9%	639	11.7%
Macroeconomic risk	499	9.2%	499	9.1%
Credit risk sovereigns	359	6.6%	388	7.1%
Market risk	335	6.2%	323	5.9%
Other tangible fixed assets	224	4.1%	216	4.0%
Credit risk banks	184	3.4%	172	3.1%
Participation risk	133	2.5%	109	2.0%
Liquidity risk	49	0.9%	23	0.4%
CVA risk	34	0.6%	32	0.6%
Risk buffer	258	4.8%	260	4.8%
Total	**5,410**	**100.0%**	**5,458**	**100.0%**

Regional allocation of economic capital according to Group unit domicile:

in € million	31/3/2016	Share	31/12/2015	Share
Central Europe	2,287	42.3%	2,233	40.9%
Southeastern Europe	1,239	22.9%	1,217	22.3%
Eastern Europe	816	15.1%	933	17.1%
Austria	1,038	19.2%	1,041	19.1%
Rest of World	29	0.5%	35	0.6%
Total	**5,410**	**100.0%**	**5,458**	**100.0%**

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

Credit risk

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

The following table reconciles the items on the statement of financial position (banking and trading book positions) with the total credit exposure, which is used in portfolio management. It includes exposures on and off the statement of financial position before the application of credit conversion factors and thus represents the maximum credit exposure. It is not reduced by the effects of credit risk mitigation, for example guarantees and physical collateral, which are however considered in the overall assessment of credit risks. The total credit exposure is used – if not explicitly stated otherwise – for showing exposures in the following tables in the risk report. The reasons for the deviation between the internal portfolio management and external accounting figures are the different scopes of consolidation (regulatory versus IFRS, i.e. corporate legal basis) and different classification and presentation of exposure volumes.

In the first quarter of 2016, the information on the overall credit exposure was extended to include securitized receivables as the majority of these are synthetic securitizations. The values for the comparable periods were adjusted accordingly.

in € million	31/3/2016	31/12/2015[2]
Cash reserve	5,981	10,717
Loans and advances to banks	15,099	10,837
Loans and advances to customers	70,875	69,921
Trading assets	5,744	5,814
Derivatives	1,734	1,574
Financial investments	13,956	14,915
Other assets	2,000	1,511
Contingent liabilities	8,434	9,387
Commitments	10,250	9,980
Revocable credit lines	16,412	15,775
Disclosure differences	(1,257)	538
Total[1]	**149,227**	**150,969**

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

A more detailed credit portfolio analysis is based on individual customer ratings. 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 organization unit. Default probabilities assigned to individual rating grades are estimated for each asset class separately. As a consequence the default probabilities related to the same ordinal rating grade (e.g. good credit standing corporates 4, financial institutions A3, and sovereigns A3) are not directly comparable across these asset classes.

Rating models in the main non-retail asset classes – corporates, financial institutions, and sovereigns – are uniform across the Group and rank creditworthiness in 27 grades for corporate customers and 10 grades for financial institutions and sovereigns. For retail asset classes, country specific scorecards are developed based on uniform Group standards. Customer rating, as well as validation is supported by specific software tools (e.g. business valuation, rating and default database).

Credit portfolio – Corporates

The following table shows the total credit exposure by internal rating to corporate customers (large corporates, mid-market and small corporates). To provide a more concise overview, the individual grades of the rating scale are summarized in the 9 main rating grades.

in € million		31/3/2016	Share	31/12/2015[1]	Share
1	Minimal risk	3,656	5.4%	3,583	5.2%
2	Excellent credit standing	8,342	12.3%	8,841	12.9%
3	Very good credit standing	9,153	13.5%	8,320	12.1%
4	Good credit standing	10,377	15.3%	10,851	15.8%
5	Sound credit standing	12,302	18.2%	11,937	17.4%
6	Acceptable credit standing	10,066	14.9%	10,541	15.3%
7	Marginal credit standing	5,478	8.1%	5,728	8.3%
8	Weak credit standing / sub-standard	2,139	3.2%	2,243	3.3%
9	Very weak credit standing / doubtful	835	1.2%	972	1.4%
10	Default	5,164	7.6%	5,622	8.2%
NR	Not rated	103	0.2%	111	0.2%
Total		**67,614**	**100.0%**	**68,750**	**100.0%**

1 Adaptation of previous year figures.

Compared to year-end 2015, total credit exposure to corporate customers decreased € 1,136 million to € 67,614 million. At the end of the first quarter, the largest segment in terms of corporate customers was Group Corporates with € 22,040 million, followed by Central Europe with € 12,607 million, Southeastern Europe with € 8,908 million and Eastern Europe with € 8,387 million. The rest was divided between Non-Core with € 8,170 million, Group Markets with € 5,160 million and Corporate Center with € 471 million. Compared to year-end 2015, the Corporate Center segment reported the biggest reduction, which was primarily attributable to a decline in credit financing. The Group Corporates segment recorded a decline which was largely due to a reduction in facility financing. The declines in these segments were partially offset by a rise in the Group Markets segment as a result of an increase in repo and swap transactions.

The credit exposure with good to minimal risk credit profiles increased € 67 million representing a share of 46.5 per cent (2015: 46.0 per cent). The share of loans with marginal credit standing to very weak credit profiles decreased from 13.0 per cent to 12.5 per cent. The share of defaulted loans according to CRR (rating 10) amounted to € 5,164 million, or 7.6 per cent, of total credit exposure to corporate customers.

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

in € million		31/3/2016	Share	31/12/2015[1]	Share
6.1	Excellent project risk profile – very low risk	4,070	50.3%	3,907	48.3%
6.2	Good project risk profile – low risk	1,938	23.9%	2,180	27.0%
6.3	Acceptable project risk profile – average risk	740	9.1%	676	8.4%
6.4	Poor project risk profile – high risk	330	4.1%	414	5.1%
6.5	Default	952	11.8%	895	11.1%
NR	Not rated	64	0.8%	11	0.1%
Total		**8,093**	**100.0%**	**8,084**	**100.0%**

1 Adaptation of previous year figures.

At the end of the first quarter, credit exposure to project finance amounted to € 8,093 million, with the two best rating grades – excellent project risk profile with very low risk and good project risk profile with low risk - accounting for the highest share, at 74.2 per cent. This reflects mainly the high level of collateralization in such specialized lending transactions.

The following table provides a breakdown by country of risk of total credit exposure to corporates and project finance grouped into regions:

in € million	31/3/2016	Share	31/12/2015[1]	Share
Central Europe	22,463	29.7%	22,881	29.8%
Austria	14,335	18.9%	14,407	18.8%
Eastern Europe	11,718	15.5%	11,875	15.5%
Southeastern Europe	10,362	13.7%	10,301	13.4%
Western Europe	10,014	13.2%	9,384	12.2%
Asia	2,932	3.9%	3,551	4.6%
Other	3,884	5.1%	4,436	5.8%
Total	**75,708**	**100.0%**	**76,834**	**100.0%**

1 Adaptation of previous year figures.

Compared to year-end 2015, the credit exposure declined € 1,126 million to € 75,708 million. The rise in Western Europe was attributable to increasing repo transactions in France and increasing swap transactions in Great Britain. The decline in Asia was mainly due to a decline in documentary letter of credits and facility financing in China, and to a decline in credit and facility financing in Indonesia.

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

in € million	31/3/2016	Share	31/12/2015[1]	Share
Manufacturing	16,882	22.3%	17,023	22.2%
Wholesale and retail trade	16,394	21.7%	17,043	22.2%
Financial intermediation	9,278	12.3%	8,534	11.1%
Real estate	8,356	11.0%	8,644	11.3%
Construction	5,462	7.2%	5,568	7.2%
Freelance/technical services	3,929	5.2%	4,105	5.3%
Transport, storage and communication	3,456	4.6%	3,531	4.6%
Electricity, gas, steam and hot water supply	3,448	4.6%	3,734	4.9%
Other industries	8,503	11.2%	8,652	11.3%
Total	**75,708**	**100.0%**	**76,834**	**100.0%**

1 Adaptation of previous year figures.

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 provides a breakdown of the retail credit exposure:

in € million	31/3/2016	Share	31/12/2015	Share
Retail customers – private individuals	25,303	88.6%	24,619	88.4%
Retail customers – small and medium-sized entities	3,262	11.4%	3,225	11.6%
Total	**28,564**	**100.0%**	**27,844**	**100.0%**
hereof non-performing loans	2,333	8.2%	2,283	8.2%
hereof individual loan loss provision	1,600	5.6%	1,669	6.0%
hereof portfolio-based loan loss provision	204	0.7%	207	0.7%

The total credit exposure to retail customers breaks down by segments as follows (excluding Corporate Center):

31/3/2016 in € million	Central Europe	Southeastern Europe	Eastern Europe	Non-Core	Group Markets
Retail customers – private individuals	9,136	6,898	3,327	5,929	13
Retail customers – small and medium-sized entities	1,178	889	429	764	2
Total	**10,313**	**7,787**	**3,756**	**6,693**	**14**
hereof non-performing loans	544	545	820	424	0
hereof individual loan loss provision	270	353	730	238	0
hereof portfolio-based loan loss provision	80	56	47	21	0

31/12/2015 in € million	Central Europe	Southeastern Europe	Eastern Europe	Non-Core	Group Markets
Retail customers – private individuals	8,362	6,892	3,411	5,940	13
Retail customers – small and medium-sized entities	1,095	903	447	778	2
Total	**9,458**	**7,795**	**3,858**	**6,718**	**15**
hereof non-performing loans	424	547	901	411	0
hereof individual loan loss provision	269	319	806	233	0
hereof portfolio-based loan loss provision	80	51	48	23	0

Compared to year-end 2015, the total credit exposure to retail customers increased € 720 million to € 28,564 million in the first quarter. The highest volume amounting to € 10,313 million was booked in the segment Central Europe. Compared to year-end 2015, this represented an increase of € 855 million, which was mainly attributable to the Czech Republic and Slovakia. Slovakia recorded an increase in loans to private individuals. In the Czech Republic the rise was also due to a rise in loans to private individuals and to the purchase of a loan portfolio. Southeastern Europe ranked second with a credit exposure of € 7,787 million. Compared to year-end 2015, this represents a decrease of € 8 million. Compared to year-end 2015, the segment Non-Core showed a decrease of € 25 million mainly due to decreased mortgage loans in Poland, which were partly offset by an increase in personal loans in Poland. The segment Eastern Europe reported a decrease of € 102 million to € 3,756 million. This mainly resulted from decreasing loans to private individuals in Ukraine and to currency devaluation of the Belarusian rouble and the Ukrainian hryvnia. The credit exposure in Russia declined due to the exit of the car loan business; however, the appreciation of the Russian rouble led to an overall increase in retail credit exposure in Russia.

In the table below, total retail exposure by product is shown:

in € million	31/3/2016	Share	31/12/2015	Share
Mortgage loans	14,932	52.3%	14,978	53.8%
Personal loans	6,074	21.3%	5,945	21.4%
Credit cards	3,065	10.7%	2,441	8.8%
Car loans	1,103	3.9%	1,251	4.5%
Overdraft	1,706	6.0%	1,699	6.1%
SME financing	1,685	5.9%	1,529	5.5%
Total	**28,564**	**100.0%**	**27,844**	**100.0%**

Credit cards posted a rise of € 624 million, mainly attributable to the Czech Republic and Russia. Car loans decreased € 148 million to € 1,103 million. This is due to the fact that no new financings in this product are concluded in Russia due to a change of strategy.

The share of foreign currency loans in the retail portfolio provides an indication of potential change in default rates if the exchange rate of the domestic currency changes. The internal risk assessment thus takes into account not only the share of foreign currency loans, but also the usually stricter lending criteria of loan distribution and – in several countries – the customer's ability to match payments with foreign currency income.

in € million	31/3/2016	Share	31/12/2015	Share
Swiss franc	3,261	42.7%	3,585	44.8%
Euro	3,696	48.4%	3,617	45.2%
US-Dollar	676	8.8%	794	9.9%
Other foreign currencies	3	0.0%	3	0.0%
Loans in foreign currencies	**7,637**	**100.0%**	**8,000**	**100.0%**
Share of total loans	**26.7%**		**28.7%**	

The decrease of foreign currency loans in Swiss francs mainly resulted from the legal regulations related to the mandatory conversion of loans at historical rates at the time of lending in Croatia.

Credit portfolio – Banks

The banks asset class mainly contains banks and securities firms. The internal rating model for these institutions is based on a peer-group approach that takes both qualitative and quantitative information into account. The final rating for banks is capped by the country rating of the respective home country.

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

in € million		31/3/2016	Share	31/12/2015	Share
A1	Excellent credit standing	0	0.0%	0	0.0%
A2	Very good credit standing	1,932	8.6%	1,854	10.9%
A3	Good credit standing	2,608	11.6%	1,803	10.6%
B1	Sound credit standing	11,716	52.2%	9,295	54.7%
B2	Average credit standing	3,074	13.7%	1,115	6.6%
B3	Mediocre credit standing	1,103	4.9%	1,033	6.1%
B4	Weak credit standing	1,431	6.4%	1,321	7.8%
B5	Very weak credit standing	308	1.4%	277	1.6%
C	Doubtful/high default risk	135	0.6%	158	0.9%
D	Default	127	0.6%	137	0.8%
NR	Not rated	20	0.1%	3	0.0%
Total		**22,453**	**100.0%**	**16,997**	**100.0%**

Total credit exposure amounted to € 22,453 million at the end of the first quarter, which represents an increase of € 5,455 million compared to year-end 2015. This mainly resulted from an increase in repo and swap business which was partly offset by a reduction in the portfolio of bonds to banks and a reduction in credit financing.

At € 11,716 million, or 52.2 per cent, the bulk of this customer group was in the B1 rating class, which increased € 2,421 million compared to year-end 2015. This mainly resulted from repo business, but was partly offset by a reduction in the portfolio of bonds to banks. Compared to year-end 2015, the rating grade B2 rose € 1,959 million to € 3,074 million due to an increase in repo transactions. The increase in the rating grade A3 was attributable to a rise in swap, repo and money market transactions, and to bonds to banks.

At € 16,919 million, or 75.4 per cent, the Group Markets segment accounted for the highest share of the credit portfolio with respect to banks, followed by the segment Eastern Europe with € 1,511 million, or 6.7 per cent.

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

in € million	31/3/2016	Share	31/12/2015	Share
Repo	7,135	31.8%	1,157	6.8%
Derivatives	4,352	19.4%	3,886	22.9%
Loans	4,282	19.1%	4,728	27.8%
Money market	2,924	13.0%	3,067	18.0%
Bonds	2,633	11.7%	2,895	17.0%
Other	1,126	5.0%	1,263	7.4%
Total	**22,453**	**100.0%**	**16,997**	**100.0%**

Credit portfolio – Sovereigns

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

in € million		31/3/2016	Share	31/12/2015	Share
A1	Excellent credit standing	4,078	18.1%	8,323	28.4%
A2	Very good credit standing	666	3.0%	892	3.0%
A3	Good credit standing	4,362	19.4%	4,564	15.6%
B1	Sound credit standing	3,432	15.3%	4,206	14.4%
B2	Average credit standing	2,664	11.8%	3,117	10.6%
B3	Mediocre credit standing	3,528	15.7%	2,637	9.0%
B4	Weak credit standing	2,525	11.2%	4,178	14.3%
B5	Very weak credit standing	735	3.3%	721	2.5%
C	Doubtful/high default risk	494	2.2%	618	2.1%
D	Default	3	0.0%	3	0.0%
NR	Not rated	14	0.1%	34	0.1%
Total		**22,503**	**100.0%**	**29,294**	**100.0%**

Compared to year-end 2015, the credit exposure to sovereigns fell € 6,791 million to € 22,503 million in the first quarter, which represents 15.1 per cent (2015: 19.8 per cent) of the bank's total credit exposure.

The rating grade excellent credit standing (A1 rating) reported a decrease of € 4,245 million. This mainly resulted from a decrease in the minimum reserve at the Austrian National Bank (down € 4,259 million).

The intermediate rating grades, good credit standing (A3 rating) to mediocre credit standing (B3 rating), accounted for the highest share with 62.2 per cent of the total credit exposure. The high level of exposure in the intermediate rating grades was mainly due to deposits of Group units in Central and Southeastern Europe and segment Non-Core at their local central banks. These serve to meet the respective minimum reserve requirements or are used to manage excess liquidity on a short-term basis, and are therefore inextricably linked to the business activities in these countries. Furthermore, this high exposure resulted from bonds issued by central banks and governments in Central and Southeastern Europe and segment Non-Core. The decrease in rating grade B1 was mainly due to a decrease in the portfolio of Polish state bonds and to a reduction in the minimum reserve of the Polish national bank. The rise in the rating grade B3 was due to an improvement in the internal rating from B4 to B3 in Hungary. However, this rise was partially offset by a reduction in the bond portfolio in Russia and by a decline in money market transactions of the Russian central bank.

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

in € million	31/3/2016	Share	31/12/2015	Share
Bonds	13,167	58.5%	14,448	49.3%
Loans	8,646	38.4%	14,089	48.1%
Derivatives	678	3.0%	719	2.5%
Other	11	0.1%	38	0.1%
Total	**22,503**	**100.0%**	**29,294**	**100.0%**

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

in € million	31/3/2016	Share	31/12/2015	Share
Hungary	2,319	31.8%	2,625	32.0%
Bulgaria	947	13.0%	943	11.5%
Croatia	800	11.0%	995	12.1%
Albania	756	10.4%	857	10.5%
Serbia	541	7.4%	504	6.1%
Bosnia and Herzegovina	522	7.1%	478	5.8%
Russia	375	5.1%	604	7.4%
Ukraine	358	4.9%	397	4.8%
Vietnam	158	2.2%	160	2.0%
Belarus	112	1.5%	211	2.6%
Other	411	5.6%	419	5.1%
Total	**7,300**	**100.0%**	**8,191**	**100.0%**

The credit exposure mainly arises from deposits of Group units with the local central banks in Central, Southeastern and Eastern Europe. They are used for meeting the respective minimum reserve requirements and for managing the short-term investment of excess liquidity, and are therefore inextricably linked to the business activities in these countries.

Compared to year-end 2015, the credit exposure to non-investment grade sovereigns decreased € 891 million to € 7,300 million. Hungary reported a decline in money market transactions, which was partially offset by a rise in bonds of the Republic of Hungary. The decline in Russia was largely attributable to a decline in money market transactions. The decline in Croatia resulted from a reduction in the minimum reserves of the Croatian national bank and from a decline in bonds of the Republic of Croatia. The reduction in Albania was mainly due both to a decline in deposits with central banks and to a decline in bonds of the Republic of Albania.

Credit risk mitigation

Loans and advances to banks and customers net of allocated loan loss provisions (net exposure), the additional exposure off the statement of financial position (contingent liabilities, commitments, and revocable credit lines), and the market prices (fair value) of collateral pledged in favor of the Group are shown in the following table:

31/3/2016		Maximum credit exposure	Fair value of collateral
in € million	Net exposure	Commitments/ guarantees issued	
Banks	14,983	3,023	7,277
Sovereigns	784	484	428
Corporate customers – large corporates	38,842	26,811	23,944
Corporate customers – mid market	2,500	978	1,934
Retail customers – private individuals	20,529	3,331	12,452
Retail customers – small and medium-sized entities	2,532	469	1,870
Total	**80,170**	**35,096**	**47,907**

31/12/2015	Maximum credit exposure		Fair value of collateral
in € million	Net exposure	Commitments/ guarantees issued	
Banks	10,717	1,983	1,933
Sovereigns	809	436	422
Corporate customers – large corporates	37,907	28,329	25,366
Corporate customers – mid market	2,497	1,042	2,083
Retail customers – private individuals	20,295	2,859	12,408
Retail customers – small and medium-sized entities	2,478	495	1,844
Total	**74,703**	**35,144**	**44,056**

Non-performing exposure (NPE)

This section refers exclusively to exposures without grounds for default pursuant to Article 178 CRR. In the corporate division, when loan terms or conditions are altered in favor of the customer, the Group distinguishes between modified loans and forborne loans in accordance with the applicable definition of the EBA document "Implementing Technical Standard (ITS) on Supervisory Reporting (Forbearance and non-performing exposures)".

The crucial aspect in deciding whether a loan is forborne is the financial situation of a customer at the time the terms or loan conditions are altered. If based on the customer's creditworthiness (taking the internal early warning system into account) it can be assumed, at the point when the loan terms or conditions are altered, that the customer is in financial difficulties and if the modification is deemed to be a concession, such loans are designated as forborne. If such a modification is made for a loan which was previously rated as non-performing, the loan is classified as a non-performing exposure (NPE) irrespective of whether a reason for default pursuant to Article 178 CRR exists. The decision on whether a loan is classified as forborne/NPE does not trigger an individual loan loss provision in respect of the customer; this is based on the default definition of CRD IV/CRR.

In the retail sector, restructured loans are subject to at least three months' observation in order to ensure that the customer meets the re-negotiated terms. In those cases where the customer concerned meets the re-negotiated terms and the credit exposure was not overdue for 180 days before the re-negotiation, the credit exposure is transferred from the portfolio in observation to the living portfolio. Those credit exposures which were already more than 180 days overdue prior to the re-negotiation or for which the customer does not meet the re-negotiated conditions remain in the portfolio, which is fully impaired.

The following table shows the non-performing exposure by segments:

in € million	31/3/2016	Share	31/12/2015	Share
Central Europe	37	14%	57	15%
Southeastern Europe	116	43%	119	31%
Eastern Europe	24	9%	68	18%
Group Corporates	40	15%	87	23%
Group Markets	0	0%	0	0%
Corporate Center	0	0%	0	0%
Non-Core	52	19%	53	14%
Total	**269**	**100%**	**383**	**100%**
hereof non-banks	269	100%	383	100%

The following table shows the non-performing exposure by asset class:

in € million	Refinancing		Instruments with modified time and modified conditions		NPE total	
	31/3/2016	31/12/2015	31/3/2016	31/12/2015	31/3/2016	31/12/2015
Corporate customers	9	15	63	159	72	174
Retail customers	26	29	170	180	197	209
Banks	0	0	0	0	0	0
Sovereigns	0	0	0	0	0	0
Total	**35**	**44**	**234**	**339**	**269**	**383**

Financial difficulties in the non-retail sector are measured using an internal early warning system which is based on numerous representative and accepted input factors for customer risk classification (e.g. overdue days, rating downgrades etc.). IAS 39 requires that impairments must be derived from an incurred loss event; defaults pursuant to Article 178 CRR are still the main indicators for individual and portfolio-based loan loss provisions. Forborne exposures are not automatically transferred to the living portfolio after the determined monitoring period. Additonally, expertise has to be obtained confirming that the circumstances of the customer concerned have improved.

Non-performing loans (NPL) and provisioning

According to 178 CRR, a default and thus a non-performing loan (NPL) applies if it can be assumed that a customer is unlikely to fulfill all of its credit obligations to the bank, or if the debtor is more than 90 days overdue on any material credit obligation to the bank. For non-retail customers, the Group uses twelve different indicators for identifying a default on receivables. For example, a default on receivables applies if a customer is involved in insolvency or similar proceedings, if it has been necessary to apply an impairment or direct write-down of a customer receivable, if credit risk management has judged a customer account receivable to be not fully recoverable or if the workout unit is considering stepping in to help a company restore its financial soundness.

Within the Group, a Group-wide default database is used for collecting and documenting customer defaults. The database also tracks the reasons for defaults, which enables the calculation and validation of default probabilities.

Provisions for impairment losses are formed on the basis of Group-wide standards according to IFRS accounting principles and cover all identifiable credit risks. In the non-retail segments, problem loan committees from each Group unit decide on allocating individual loan loss provisions. In the retail area, provisioning is performed by retail risk management departments in individual Group units. They compute the required loan loss provisions according to defined calculation schemes on a monthly basis. The provisioning amount is then approved by local accounting departments.

The following table shows the development of non-performing loans in the defined asset classes loans and advances to customers and loans and advances to banks (excluding items off the statement of financial position):

in € million	As at 1/1/2016	Change in consolidated group/ Exchange differences	Additions	Disposals	As at 31/3/2016
Corporate customers	6,051	(74)	335	(526)	5,786
Retail customers	2,274	(46)	299	(209)	2,317
Sovereigns	3	0	0	(1)	3
Total non-banks	**8,328**	**(120)**	**633**	**(736)**	**8,106**
Banks	127	0	0	(8)	120
Total	**8,456**	**(120)**	**633**	**(743)**	**8,226**

The following table shows the share of non-performing loans (NPL) in the defined asset classes loans and advances to customers and loans and advances to banks as reported in the statement of financial position banks (excluding items off the statement of financial position):

	NPL		NPL ratio		NPL coverage ratio	
in € million	**31/3/2016**	**31/12/2015**	**31/3/2016**	**31/12/2015**	**31/3/2016**	**31/12/2015**
Corporate customers	5,786	6,051	11.8%	12.5%	68.3%	68.1%
Retail customers	2,317	2,274	9.3%	9.2%	77.2%	80.0%
Sovereigns	3	3	0.7%	0.8%	154.4%	129.8%
Total non-banks	**8,106**	**8,328**	**11.4%**	**11.9%**	**70.2%**	**71.3%**
Banks	120	127	0.6%	0.7%	96.6%	94.1%
Total	**8,226**	**8,456**	**9.6%**	**10.5%**	**70.6%**	**71.6%**

The volume of non-performing loans to non-banks decreased € 222 million. The ratio of non-performing loans to total loans decreased 0.5 percentage points to 11.4 per cent.

The following table shows the share of non-performing loans (NPL) in the defined asset classes loans and advances to customers and loans and advances to banks as reported in the statement of financial position banks (excluding items off the statement of financial position) according to segments:

	NPL		NPL ratio		NPL coverage ratio	
in € million	**31/3/2016**	**31/12/2015**	**31/3/2016**	**31/12/2015**	**31/3/2016**	**31/12/2015**
Central Europe	1,444	1,331	6.7%	6.4%	69.3%	75.3%
Southeastern Europe	1,560	1,587	10.6%	10.7%	72.1%	71.6%
Eastern Europe	1,845	1,902	15.2%	15.1%	83.3%	86.4%
Group Corporates	1,129	1,268	7.8%	9.1%	59.5%	56.7%
Group Markets	334	415	2.8%	5.7%	88.9%	82.0%
Corporate Center	43	49	0.7%	0.6%	57.1%	78.9%
Non-Core	1,871	1,903	14.1%	14.1%	67.4%	62.4%
Total	**8,226**	**8,456**	**9.6%**	**10.5%**	**70.6%**	**71.6%**
hereof non-banks	8,106	8,328	11.4%	11.9%	70.2%	71.3%

At the end of the first quarter, corporate customers posted a € 265 million decline to € 5,786 million. The ratio of non-performing loans to credit exposure decreased 0.7 percentage points to 11.8 per cent; the NPL coverage ratio went up 0.2 percentage points to 68.3 per cent. In the retail portfolio, non-performing loans rose 1.9 per cent, or € 44 million, to € 2,317 million. The ratio of non-performing loans to credit exposure increased 0.1 percentage points to 9.3 per cent; the NPL coverage ratio decreased 2.9 percentage points to 77.2 per cent. For banks, non-performing loans at the end of the first quarter amounted to € 120 million, € 8 million down on the year-end 2015; the NPL coverage ratio rose 2.5 percentage points to 96.6 per cent.

The declines in non-performing loans in the Group Corporates segment were particularly noticeable, falling 11.0 per cent, or € 139 million, to € 1,129 million, primarily caused by a reduction in non-performing loans in Austria. The ratio of non-performing loans to credit exposure fell 1.3 percentage points to 7.8 per cent; the NPL coverage ratio increased 2.8 percentage points to 59.5 per cent. In the Group Markets segment, non-performing loans declined 19.5 per cent, or € 81 million, to € 334 million. The NPL ratio fell 2.9 percentage points to 2.8 per cent; in contrast, the NPL coverage ratio increased 6.9 percentage points to 88.9 per cent. The Eastern Europe segment recorded a decline in non-performing loans of 3.0 per cent, or € 58 million, to € 1,845 million, largely due to declines in non-performing loans in Ukraine. The ratio of non-performing loans to credit exposure increased 0.1 percentage points to 15.2 per cent; the NPL coverage ratio decreased 3.1 percentage points to 83.3 per cent. In the Non-Core segment, non-performing loans declined 1.7 per cent, or € 32 million, to € 1,871 million, mainly due to non-performing loans in Asia. The ratio of non-performing loans to credit exposure remained unchanged at 13.4 per cent compared to year-end; the NPL coverage ratio increased 5.0 percentage points to 67.4 per cent. In Southeastern Europe, non-performing loans fell 1.7 per cent, or € 27 million, to € 1,560 million. Whereas declines were reported in Croatia, Bulgaria and Romania, non-performing loans increased in Albania. The NPL ratio fell 0.1 percentage points to 10.6 per cent; in contrast, the NPL coverage ratio increased 0.5 percentage points to 72.1 per cent. In Central Europe, non-performing loans increased 8.5 per cent, or

€ 113 million, to € 1,444 million, primarily attributable to rises in the Czech Republic and Hungary. The NPL ratio rose 0.3 percentage points to 6.7 per cent; the NPL coverage ratio declined 6.0 percentage points to 69.3 per cent.

The following table shows the development of impairment losses on loans and provisions for liabilities off the statement of financial position:

in € million	As at 1/1/2016	Change in consolidated group	Allocation[1]	Release	Usage[2]	Transfers, exchange differences	As at 31/3/2016
Individual loan loss provisions	5,772	0	369	(252)	(285)	(78)	5,525
Portfolio-based loan loss provisions	382	0	85	(96)	0	1	373
Total	**6,154**	**0**	**455**	**(348)**	**(285)**	**(77)**	**5,898**

1 Allocation including direct write-downs and income on written down claims.
2 Usage including direct write-downs and income on written down claims.

Concentration risk

The Group's credit portfolio 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 limits and regular reporting. As a consequence, portfolio granularity is high. The regional breakdown of the loans reflects the broad diversification of credit business in the European markets of the Group. The following table shows the regional distribution of the credit exposure of all asset classes by the borrower's home country and grouped by region:

in € million	31/3/2016	Share	31/12/2015[1]	Share
Austria	**22,057**	**14.8%**	**26,731**	**17.7%**
Central Europe	**50,181**	**33.6%**	**51,179**	**33.9%**
Poland	15,558	10.4%	16,375	10.8%
Slovakia	13,229	8.9%	13,856	9.2%
Czech Republic	13,417	9.0%	12,368	8.2%
Hungary	7,046	4.7%	7,555	5.0%
Other	932	0.6%	1,024	0.7%
Other European Union	**24,872**	**16.7%**	**19,047**	**12.6%**
Germany	6,809	4.6%	6,090	4.0%
Great Britain	6,092	4.1%	4,536	3.0%
France	3,937	2.6%	2,169	1.4%
Spain	2,019	1.4%	795	0.5%
Netherlands	1,862	1.2%	1,744	1.2%
Italy	1,446	1.0%	1,102	0.7%
Other	2,708	1.8%	2,611	1.7%
Southeastern Europe	**24,124**	**16.2%**	**24,498**	**16.2%**
Romania	8,727	5.8%	8,902	5.9%
Croatia	4,832	3.2%	5,011	3.3%
Bulgaria	3,984	2.7%	3,906	2.6%
Serbia	1,961	1.3%	1,953	1.3%
Bosnia and Herzegovina	2,134	1.4%	2,124	1.4%
Albania	1,797	1.2%	1,912	1.3%
Other	688	0.5%	689	0.5%

in € million	31/3/2016	Share	31/12/2015[1]	Share
Asia	**4,612**	**3.1%**	**5,282**	**3.5%**
China	1,406	0.9%	1,780	1.2%
Other	3,207	2.1%	3,503	2.3%
Eastern Europe	**17,572**	**11.8%**	**18,017**	**11.9%**
Russia	12,531	8.4%	12,522	8.3%
Ukraine	3,193	2.1%	3,547	2.3%
Belarus	1,348	0.9%	1,471	1.0%
Other	501	0.3%	478	0.3%
North America	**2,713**	**1.8%**	**3,058**	**2.0%**
Switzerland	**1,739**	**1.2%**	**1,931**	**1.3%**
Rest of World	**1,356**	**0.9%**	**1,225**	**0.8%**
Total	**149,227**	**100.0%**	**150,969**	**100.0%**

1 Adaptation of previous year figures.

The Group does not own any banking subsidiaries that are incorporated in the so-called European periphery countries. Nonetheless, some of the bank's loans and advances are to customers domiciled in these countries and result from credit financing and capital markets activities. The Group holds no material volumes of government bonds issued by these countries.

Market risk

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

The following table lists risk measures for overall market risk in the trading and banking book for each risk type. The VaR is dominated by risk arising from equity positions held in foreign currencies, structural interest rate risks and credit spread risks arising from the bond books (frequently held as a liquidity reserve).

Total VaR 99% 1d in € million	VaR as at 31/3/2016	Average VaR	Minimum VaR	Maximum VaR	VaR as at 31/12/2015
Currency risk	21	29	20	39	29
Interest rate risk	10	7	5	16	6
Credit spread risk	12	13	11	16	17
Share price risk	1	1	0	1	1
Vega risk	2	2	1	5	1
Total	44	52	43	64	33

Exchange rate risk on total bank level also includes equity of subsidiaries denominated in foreign currency. The structural exchange rate risk resulting from equity capital is managed independently from the mainly short-term trading positions.

The modeling of risk arising from the structural currency position was improved insofar as goodwill, intangible assets and currency-induced fluctuations of risk-weighted assets are considered alongside the IFRS capital (including hedges).

Liquidity risk

The following table shows the liquidity gap and the ratio of expected cash inflows plus counterbalancing capacity to cash outflows (liquidity ratio) for selected maturities on a cumulative basis, taking into account all items on the statement of financial position and transactions off the statement of financial position. Based on expert opinions, statistical analyses and country specifics, this

calculation also incorporates estimates on the prolongation of defined assets, the so-called sediment of customer deposits, and the liquidity counterbalancing capacity (in particular, assets that are eligible for refinancing at central banks and that can be used as collateral in securities lending transactions).

in € million	31/3/2016			31/12/2015		
Maturity	1 week	1 month	1 year	1 week	1 month	1 year
Liquidity gap	21,073	20,519	22,889	21,316	19,783	23,431
Liquidity ratio	173%	150%	127%	182%	147%	127%

Internal limits are used in each Group unit in order to limit liquidity risk. They require a positive short-term liquidity gap based on the internal liquidity model. The Group holds sizeable amounts of liquid securities and favors assets eligible in tender transactions in the lending business in order to ensure liquidity in various currencies. In the case of a liquidity shortage in the Group, contingency plans would come into force. Such prioritized action lists for handling liquidity needs exist for all major Group units.

Liquidity coverage ratio

RBI meets all regulatory requirements related to liquidity risk management. They are monitored on Group and on individual unit level and limited by a comprehensive limit system. The calculation of expected inflows and outflows of funds is based on a centrally steered and consistent model approach.

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

As of October 2015, a regulatory minimum ratio for the LCR of 70 per cent is applicable which will be raised to 100 per cent by 2018.

in € million	31/3/2016	31/12/2015
Average liquid assets	**12,858**	**17,898**
Net outflows	**5,236**	**9,902**
Inflows	16,164	10,394
Outflows	20,945	20,296
LCR	**246%**	**181%**

An adapted investment strategy for short-term liquidity resulted in a technically-driven rise in the LCR ratio during the first quarter of 2016. This trend was intensified by the increased volume of customer deposits.

Additional notes

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

From a regulatory view, the Group is supervised on a subgroup level according to Article 11 paragraph 5 CRR (Capital Requirement Regulation) based on the FMA (Finanzmarkt Austria) decision from 24 October 2014 and is the superordinated credit institution for the subgroup in terms of Section 30 Austrian Banking Act. Morover, the Group has to adhere to the legal total capital regulations on an individual basis and is additionally part of RZB credit institution group.

The total capital breaks down as follows:

in € million	31/3/2016	31/12/2015
Paid-in capital	5,886	5,886
Earned capital	1,752	1,750
Non-controlling interests	361	399
Common equity tier 1 (before deductions)	**8,000**	**8,034**
Deduction intangible fixed assets/goodwill	(372)	(326)
Deduction provision shortage for IRB positions	(47)	(20)
Deduction securitizations	(14)	(14)
Deduction deferred tax assets	0	0
Deduction loss carry forwards	(6)	(3)
Deduction insurance and other investments	0	0
Common equity tier 1 (after deductions)	**7,560**	**7,671**
Additional tier 1	262	309
Non-controlling interests	2	0
Deduction intangible fixed assets/goodwill	(248)	(295)
Deduction provision shortage for IRB positions	(16)	(15)
Deduction securitizations	0	0
Deduction insurance and other investments	0	0
Tier 1	**7,560**	**7,671**
Long-term subordinated capital	3,148	3,160
Non-controlling interests	(9)	(4)
Provision excess of internal rating approach positions	158	160
Provision excess of standardized approach positions	0	0
Deduction securitizations	0	0
Deduction insurance and other investments	0	0
Tier 2 (after deductions)	**3,297**	**3,316**
Total capital	**10,858**	**10,987**
Total capital requirement	**5,047**	**5,062**
Common equity tier 1 ratio (transitional)	12.0%	12.1%
Common equity tier 1 ratio (fully loaded)	11.5%	11.5%
Tier 1 ratio (transitional)	12.0%	12.1%
Tier 1 Ratio (fully loaded)	11.5%	11.5%
Total capital ratio (transitional)	17.2%	17.4%
Total capital ratio (fully loaded)	16.7%	16.8%

Excluding the transitional provisions as defined within the CRR, the common equity tier 1 ratio (fully loaded) amounted to 11.5 per cent and the total capital ratio (fully loaded) amounted to 16.7 per cent.

The total capital requirement is composed as follows:

in € million	31/3/2016	31/12/2015
Risk-weighted assets (total RWA)	**63,093**	**63,272**
Total capital requirement for credit risk	4,094	4,117
Internal rating approach	2,319	2,327
Standardized approach	1,714	1,751
CVA risk	34	32
Basel 1 floor	26	7
Total capital requirement for position risk in bonds, equities, commodities and open currency positions	244	241
Own funds requirement for operational risk	710	704
Total capital requirement	**5,047**	**5,062**

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

in € million	31/3/2016	31/12/2015
Risk-weighted assets according to standardized approach	**21,428**	**21,884**
Central governments and central banks	1,962	2,209
Regional governments	47	49
Public administration and non-profit organizations	5	7
Multilateral development banks	0	0
Banks	336	302
Corporate customers	8,521	8,906
Retail customers	7,453	7,448
Equity exposures	472	407
Covered bonds	0	0
Mutual funds	7	7
Securitization position	0	0
Other positions	2,626	2,551
Risk-weighted assets according to internal rating approach	**28,993**	**29,081**
Central governments and central banks	229	311
Banks	2,437	2,095
Corporate customers	21,541	22,143
Retail customers	4,197	4,141
Equity exposures	345	133
Securitization position	243	259
CVA risk	**425**	**406**
Basel 1 floor	**327**	**87**
Total	**51,173**	**51,459**

Leverage ratio

in € million	31/3/2016	31/12/2015
Leverage exposure	135,217	136,163
Tier 1	7,560	7,671
Leverage ratio (transitional)	**5.6%**	**5.6%**
Leverage ratio (fully loaded)	5.3%	5.4%

(40) Average number of staff

The average number of staff employed during the reporting period (full-time equivalents) breaks down as follows:

Full-time equivalents	1/1-31/3/2016	1/1-31/3/2015
Austria	2,731	2,678
Foreign	48,975	52,365
Total	**51,706**	**55,043**

(41) Related parties

Transactions with related parties that are natural persons are limited to banking business transactions that are carried out at fair market conditions. Moreover, members of the Management Board hold shares of Raiffeisen Bank International AG. Detailed information regarding this issue is published on the homepage of Raiffeisen Bank International. Further business transactions with related parties that are natural persons, especially large banking business transactions, were not concluded in the current financial year.

The following tables show transactions with related companies. Parent companies are Raiffeisen-Landesbanken-Holding GmbH, Vienna and Raiffeisen Zentralbank Österreich Aktiengesellschaft, Vienna:

31/3/2016 in € million	Parent companies	Affiliated companies	Companies valued at equity	Other interests
Loans and advances to banks	646	85	189	44
Loans and advances to customers	0	656	127	149
Trading assets	0	43	3	1
Financial investments	0	262	0	171
Other assets (incl. derivatives)	6	18	0	0
Deposits from banks	401	162	2,195	145
Deposits from customers	0	387	327	80
Debt securities issued	0	11	0	0
Provisions for liabilities and charges	0	2	0	0
Trading liabilities	0	76	8	0
Other liabilities including derivatives	6	2	1	0
Subordinated capital	66	3	0	0
Guarantees given	0	130	0	0
Guarantees received	666	236	159	37

31/12/2015 in € million	Parent companies	Affiliated companies	Companies valued at equity	Other interests
Loans and advances to banks	2,021	102	134	48
Loans and advances to customers	0	760	122	164
Trading assets	0	40	0	1
Financial investments	0	179	0	148
Other assets (incl. derivatives)	7	24	0	0
Deposits from banks	338	207	2,453	118
Deposits from customers	0	472	719	52
Debt securities issued	0	11	0	0
Provisions for liabilities and charges	0	1	0	0
Trading liabilities	0	72	8	0
Other liabilities including derivatives	6	3	0	0
Subordinated capital	66	2	0	0
Guarantees given	0	184	0	0
Guarantees received	699	266	164	36

1/1-31/3/2016 in € million	Parent companies	Affiliated companies	Companies valued at equity	Other interests
Interest income	8	13	(2)	(1)
Interest expenses	(2)	(5)	7	0
Dividends income	0	5	0	0
Fee and commission income	0	11	0	(1)
Fee and commission expense	(1)	(2)	1	0

1/1-31/3/2015 in € million	Parent companies	Affiliated companies	Companies valued at equity	Other interests
Interest income	7	6	1	3
Interest expenses	(2)	(2)	(6)	0
Dividends income	0	1	0	0
Fee and commission income	0	11	0	0
Fee and commission expense	(1)	0	(2)	0

Events after the reporting date

Romania passes law allowing for the settlement of secured mortgage loan liabilities

On 13 April 2016, the Romanian Parliament passed a bill which grants private borrowers the option to settle a liability connected to a secured mortgage loan, regardless of currency, by transferring the mortgaged property to the financing bank under certain conditions. The Romanian President signed the bill on 28 April 2016, which allows for the law to come into force in May. The law relates to mortgage loans below € 250,000 and can be applied retroactively. "Prima Casa" mortgage loans – for first property purchases, with state guarantee and subsidized interest rates – are excluded from the law.

At the end of the first quarter of 2016, RBI's Romanian network bank had over € 1.3 billion in secured loans to retail customers, around two thirds of which would meet the new law's criteria. It is currently not possible to accurately estimate the extent to which customers would make use of the option for early settlement. From a current perspective and using first estimates, RBI expects that the new law would have an additional impact in the mid double digit million euro range over the entire period of execution.

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