MOODY'S
INVESTORS SERVICE

CREDIT OPINION

18 September 2023

Update

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RATINGS

Raiffeisen Bank International AG

Domicile	Vienna, Austria
Long Term CRR	A1
Type	LT Counterparty Risk Rating - Fgn Curr
Outlook	Not Assigned
Long Term Debt	A1
Type	Senior Unsecured - Dom Curr
Outlook	Stable
Long Term Deposit	A1
Type	LT Bank Deposits - Fgn Curr
Outlook	Stable

Please see the ratings section at the end of this report for more information. The ratings and outlook shown reflect information as of the publication date.

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Raiffeisen Bank International AG

Update following first-time assignment of junior senior debt rating

Summary

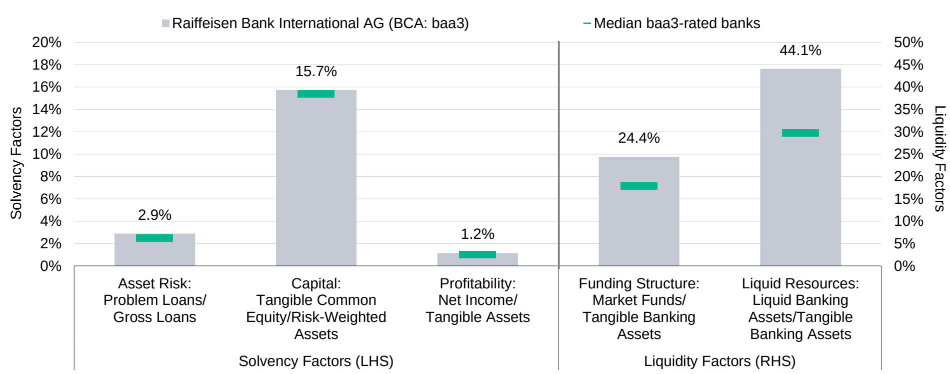
On 6 September, we assigned a Baa2 junior senior unsecured debt rating to an announced first-time issuance of so-called senior non-preferred eligible notes under Raiffeisen Bank International AG's (RBI) €25 billion debt issuance program.

RBI's A1 deposit and senior unsecured debt ratings reflect the bank's baa3 Baseline Credit Assessment (BCA); its membership in the federal institutional protection scheme (IPS) of the Austrian Raiffeisen Banking Group (RBG), which because of strong sector cohesion results in a close alignment of the member banks' Adjusted BCAs and a baa2 Adjusted BCA of RBI; three notches of uplift from our Advanced Loss Given Failure (LGF) analysis, which incorporates the relative loss severity of a liability class; and a one-notch rating uplift from government support, given its systemic relevance and its role as the central institution of the systemically relevant RBG.

RBI's baa3 BCA reflects its exposure to the current military conflict and sanctions through its operations in Eastern Europe, which will hit the bank's solvency metrics. The baa3 BCA also takes into account the mitigating measures put in place by RBI and our view that the bank's market funding reliance is balanced by access to sector funds and by a significant liquidity buffer.

Exhibit 1

Rating Scorecard - Key financial ratios
As of 30 June 2023



For the problem loan and profitability ratios, we review the latest three year-end ratios, as well as the most recent intra-year ratio, where applicable, and base our starting point ratio on the weaker of the average of this period and the latest figure. For the capital ratio, we use the latest figure. For the funding structure and liquid asset ratios, we use the latest year-end figures.
Source: Moody's Investors Service

Credit strengths

» Continued good asset quality across jurisdictions

» Solid level of liquid resources

» Membership in RBG's IPS

Credit challenges

» Operational and strategic continuity in RBI's Eastern European segment are challenged by the military conflict and sanctions.

» A high share of RBI's good profitability is subject to transfer restrictions.

» Despite good progress, regulatory requirements remain a constraining factor in the execution of an exit from Russia.

Outlook

The stable rating outlook reflects our expectation that RBI's baa3 BCA adequately captures the risks to RBI's financial profile, and that a moderate weakening in RBG's financial strength will not reduce its capacity to provide a rating uplift to RBI. The stable outlook further reflects our expectation that RBI's liability structure will result in unchanged LGF notching during the outlook horizon.

Factors that could lead to an upgrade

» An upgrade of RBI's ratings is currently unlikely, but could nevertheless occur in case of a significant strengthening of RBG's solvency. RBI's subordinate debt and lower-ranking liabilities could also be upgraded following a significant increase in the stock of equal- or lower-ranking liabilities, such that it reduces the expected loss for these instrument classes.

» RBI's BCA could be upgraded if the bank increases its combined solvency such that it matches at least the level achieved in 2021 on a sustained basis.

Factors that could lead to a downgrade

» RBI's ratings could be downgraded in case of a more significant weakening of RBG's financial profile or in case of a decrease in RBI's bail-in-able debt buffer, leading to fewer notches of rating uplift under our Advanced LGF analysis.

» RBI's BCA could be downgraded in case of additional and significant weakening of its solvency beyond our current expectations, in particular if accompanied by a weakening of the bank's funding and liquidity.

Key indicators

Exhibit 2

Raiffeisen Bank International AG (Consolidated Financials) [1]

	06-23[2]	12-22[2]	12-21[2]	12-20[2]	12-19[2]	CAGR/Avg.[3]
Total Assets (EUR Billion)	201.7	202.0	190.2	164.4	150.8	8.7[4]
Total Assets (USD Billion)	220.1	215.6	215.5	201.1	169.2	7.8[4]
Tangible Common Equity (EUR Billion)	15.6	15.1	11.9	11.1	11.1	10.3[4]
Tangible Common Equity (USD Billion)	17.0	16.1	13.5	13.5	12.4	9.5[4]
Problem Loans / Gross Loans (%)	2.8	2.9	2.7	3.1	3.1	2.9[5]
Tangible Common Equity / Risk Weighted Assets (%)	15.7	15.5	13.2	14.0	14.2	14.5[6]
Problem Loans / (Tangible Common Equity + Loan Loss Reserve) (%)	15.7	17.1	19.5	20.8	21.9	19.0[5]
Net Interest Margin (%)	2.6	2.5	1.9	2.1	2.4	2.3[5]
PPI / Average RWA (%)	4.8	5.6	2.7	2.5	2.7	3.7[6]
Net Income / Tangible Assets (%)	1.5	1.7	0.8	0.6	0.9	1.1[5]
Cost / Income Ratio (%)	48.5	40.7	57.8	61.1	61.7	53.9[5]
Market Funds / Tangible Banking Assets (%)	26.6	24.4	25.3	25.7	23.4	25.1[5]
Liquid Banking Assets / Tangible Banking Assets (%)	44.2	44.1	39.1	39.4	32.5	39.9[5]
Gross Loans / Due to Customers (%)	87.4	84.6	89.7	91.0	97.2	90.0[5]

[1] All figures and ratios are adjusted using Moody's standard adjustments. [2] Basel III - fully loaded or transitional phase-in; IFRS. [3] May include rounding differences because of the scale of reported amounts. [4] Compound annual growth rate (%) based on the periods for the latest accounting regime. [5] Simple average of periods for the latest accounting regime. [6] Simple average of Basel III periods.

Sources: Moody's Investors Service and company filings

Profile

Raiffeisen Bank International AG (RBI) is the central institution of the Austrian cooperative banking group RBG. RBI serves 17.8 million customers through 1,570 branches in Austria, and Central and Eastern Europe (CEE). As of June 2023, the bank reported a consolidated asset base of €206.1 billion.

RBI is a universal bank that offers a broad range of retail, corporate and investment banking products and services, including corporate finance, structured finance, export finance, factoring, leasing, securities (bonds, shares, funds and certificates), hedging, letters of credit, guarantees and cash management services. It mainly operates in Austria (where it has its headquarters), CEE and Southeastern Europe.

For more key facts and statistics, please check RBI's Issuer Profile.

Weighted macro profile of Moderate+

The bank's Moderate+ macro profile reflects its diverse activities in Austria (21.7% of the bank's exposures as of June 2023) and CEE, with Austria's Strong+ macro profile adding some stability to the more volatile business mix in CEE. Because of RBI's exposures to jurisdictions with lower macro profiles in CEE through its foreign subsidiaries, the bank's overall macro profile is three notches below that of Austria.

Detailed credit considerations

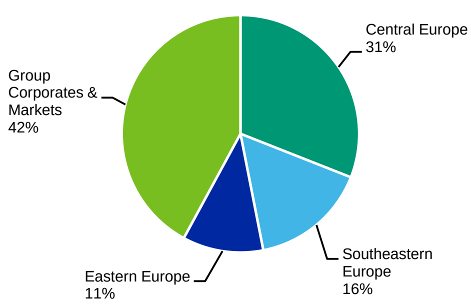
RBI's sound asset quality will decline as a result of the conflict in Eastern Europe

We assign a baa3 Asset Risk score to RBI, two notches below the initial score of baa1, reflecting our expectation that asset quality will weaken. The score also incorporates the bank's concentration in cyclical industries, such as commercial real estate, especially in more volatile economies, and its strong coverage ratio. RBI aims to conclude its separation from its Russian operations during 2023, which will reduce the risk of negative reputational spillover to the broader group.

Our assessment of RBI's asset risk also takes into account its high problem loan coverage ratio of 100% as of June 2023 (December 2022: 96%). It provides RBI with a significant buffer to balance risks from its Eastern European operations and energy cost inflation or supply shortages in its core countries. As of June 2023, RBI included €865 million (December 2022: €729 million) of risk overlays in its loan loss reserve stock, with €439 million thereof dedicated for Russia and Belarus, €62 million for Ukraine and €364 million (December 2022: €317 million) for potential asset-quality deterioration caused by spillover effects and inflation, including high energy costs.

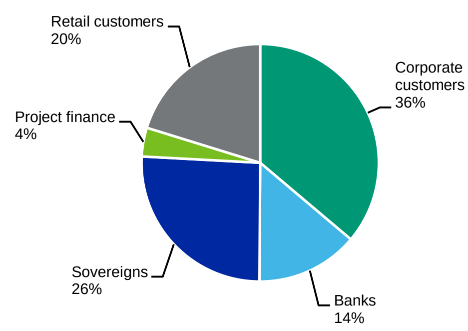
As of June 2023, RBI's Eastern European activities contributed 11.0% (8.2% Russia, 1.8% Ukraine and 1.0% Belarus) to the group's credit exposures. This share fluctuated strongly throughout 2022 as well as a result of exchange-rate swings. RBI's management aims to sell or spinoff its Russian subsidiary during the course of 2023, which would reduce the group's exposure to a high-risk country, particularly in terms of legislative, sanctions and reputational risks. During its Q2 2023 earnings call, RBI's management expressed its confidence that it can satisfy the request for information and related clarification requests it had received from the US Office of Foreign Assets Control (OFAC), the unit that administers US economic and trade sanctions.

Exhibit 3
Credit exposure breakdown by country
As of 30 June 2023



Sources: Company and Moody's Investors Service

Exhibit 4
Credit exposure breakdown by type
As of 30 June 2023



Sources: Company and Moody's Investors Service

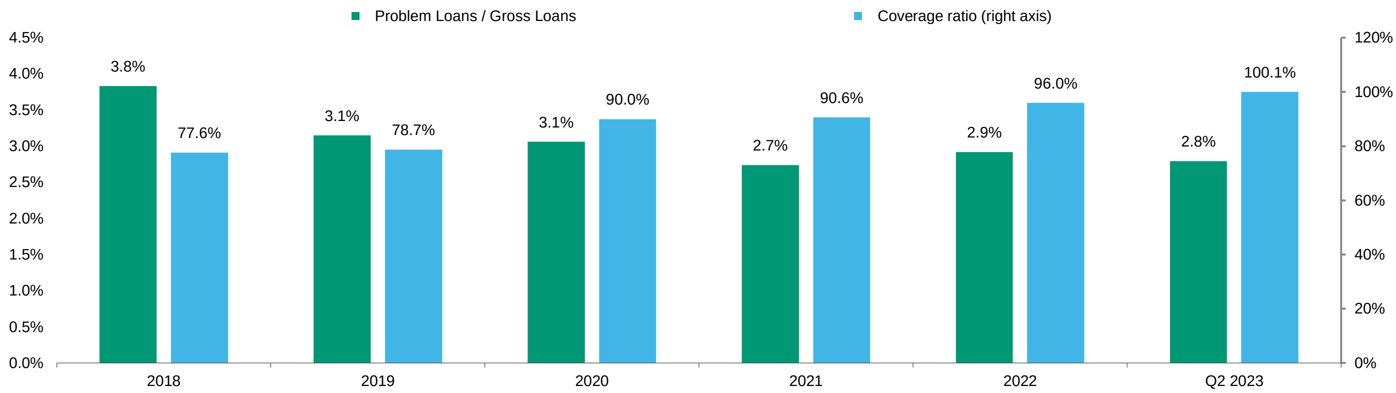
RBI remains exposed to legal risks from the group's legacy Swiss franc-denominated mortgage portfolio in Poland (A2 stable), which may affect already-repaid loans in addition to what as of 30 June 2023 was a remaining loan book of €1.9 billion. RBI acquired its Polish retail banking operations in 2012 from Eurobank S.A. (Ba2/Ba3 positive, b1). When the Polish parliament approved borrower-friendly terms for a re-denomination of Swiss franc mortgages in 2015, RBI's Polish Swiss franc mortgage loan book had reached a size of about €3.25 billion. In 2018, RBI sold its Polish operations to BNP Paribas (Aa3/Aa3 stable, baa1), but retained the legacy Swiss franc mortgage portfolio. As of June 2023, RBI held close to €1.5 billion in litigation provisions, credit risk-weighted assets (RWA) and impairments against the remaining mortgage portfolio, equivalent to about 80% of the remaining exposure. After RBI substantially increased this coverage level during H1 2023, the bank now expects no substantial further provisioning needs for Polish Swiss franc mortgages during the second half.

RBI's problem loan ratio was 2.8% as of June 2023 (2.9% as of December 2022), with nonperforming loans (NPLs) declining slightly to €2.9 billion as of June 2023 from €3.1 billion a quarter earlier. As of June 2023, the reported share of NPLs in RBI's Ukrainian and Russian subsidiaries remained broadly stable at 7.4%, after 7.5% in December 2022 in Ukraine and at 1.7% (unchanged) in Russia, yet the NPL ratio increased further on the group's legacy Swiss franc mortgage portfolio in Poland (to 8.9% from 7.9%).

Exhibit 5

The Russia-Ukraine conflict has so far only led to a moderate uptick in RBI's problem loans

The coverage ratio was also maintained at solid levels



Sources: Company and Moody's Investors Service

Mitigating actions have stabilised RBI's capital ratios

We assign a baa2 Capital score to RBI, which is two notches below the a3 initial score. The assigned score captures potential vulnerabilities in a stressed economic scenario because of RBI's exposure to more volatile economies and limitations to the intragroup transfer of capital. RBI's tangible common equity (TCE) ratio was 15.7% as of 30 June 2023, slightly below the 15.9% transitional (including earnings appropriation) Common Equity Tier 1 (CET1) capital ratio, as of the same date.

In H1 2023, RBI's RWA increased moderately to €99 billion from €98 billion as of December 2022. Groupwide RWA peaked at €109 billion in June 2022 as a result of currency and credit risk valuation effects. RBI managed to contain the overall effect through an RWA reduction in particular in Q4 2022. Foreign-exchange effects remain a key driver of RWA volatility. During Q4 2022, RBI returned to the standardised approach for operational risk measurement, which will break a cycle of operational RWA increases that had regularly been triggered by litigation provisions for RBI's €2 billion Swiss franc-denominated mortgage portfolio in Poland.

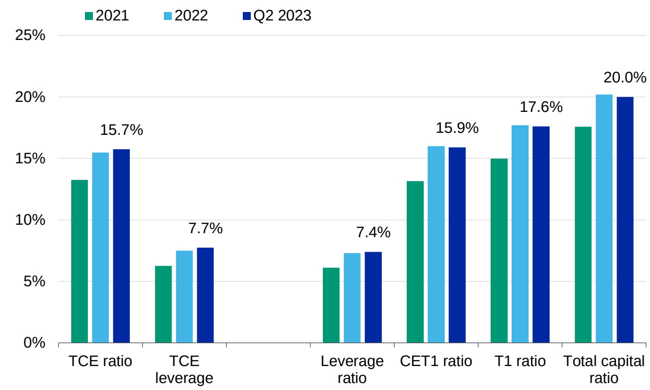
Since Russian authorities have severely constrained dividend payments by local firms to owners outside Russia, the fungibility of RBI's capital across country borders has been reduced. The group's Russian subsidiary reported very high regulatory capital ratios as of June 2023 and a buffer of €3.0 billion in capital above the local minimum requirement, but dividend upstreaming remains complex and would only be feasible if RBI accepted significant haircuts. However, RBI's intragroup subordinated debt was fully repaid during Q2 2023. RBI quantified the "worst case" risk to its own capital ratios under a walkaway scenario from Russia as 2% points of RWA based on June 2023 financials. Under such a scenario, RBI would benefit from an RWA deconsolidation of €14.5 billion. One of the complexities of an exit from Russia is the possibility of a timing asymmetry in the derecognition of Russian capital and (potentially delayed) Russian RWA, which would — until harmonised — additionally strain RBI's capital ratios.

As of Q1 2024, RBI's regulatory minimum CET1 requirement (including Pillar 2 requirement, but excluding 1.25% of Pillar 2 guidance) under the Supervisory Review and Evaluation Process will be approximately 11.63%, up 35 basis points from the June 2023 requirement because of moderate increases in the countercyclical capital buffer and in O-SII buffer requirements. With a 15.9% transitional CET1 ratio (after earnings appropriation), the bank is now better shielded against risks than before last year's closure of the sale of its Bulgarian unit and other countermeasures. As of 31 May 2022, RBI registered a temporary shortfall in its combined capital buffer requirement at the group level. Under the adverse scenario of the 2023 EBA stress test, in which RBI was tested as the full group including its operations in Russia, the bank's CET1 capital remained at 12.41%, above its SREP requirement.

In an unexpectedly adverse scenario, however, RBI could request support under RBG's IPS if compliance with regulatory minimum requirements was at risk. In September 2022, RBI issued a €500 million Tier 2 capital eligible subordinated debt instrument, which will support regulatory compliance with total capital ratio requirements. RBI will have to pay a relatively high coupon of 7.375% on the instrument, which reflects the difficult market conditions at the time of issuance. Also in Q4 2022, RBI decided not to call its €650 million perpetual AT1 instrument either at its December 2022 first call date or at the following June 2023 call date. RBI's management said that ahead of the future semiannual call dates, it will evaluate within the context of its capital planning and of the market environment the economic and capital impact of maintaining or calling the instrument that reset to a mid-swap rate plus 594.5-basis-point interest rate.

Exhibit 6

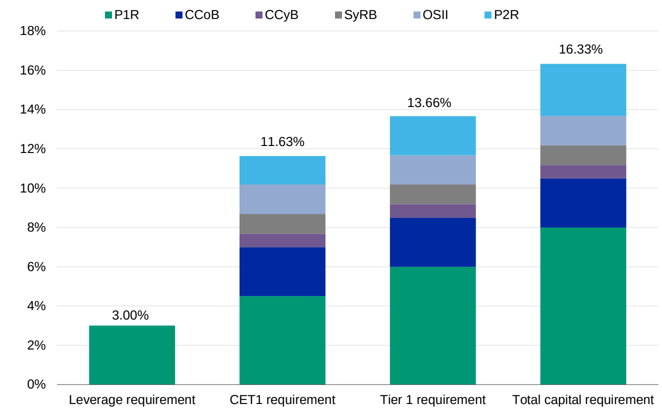
The sale of its Bulgarian subsidiary has helped RBI keep its CET1 capital ratio above the 13% management target



TCE = Tangible common equity (our calculation); CET1 = Common Equity Tier 1 (transitional, including earnings retention); T1 = Tier 1 capital.
Sources: Company and Moody's Investors Service

Exhibit 7

RBI's future regulatory capital requirements (from Q1 2024), excluding 1.25% Pillar 2 guidance



P1R/P2R = Pillar 1/2 requirement; CCoB = Capital conservation buffer; CCyB = Countercyclical capital buffer; SRB = Systemic risk buffer; OSII = Other systemically important institutions buffer.
Sources: Company and Moody's Investors Service

As of June 2023, the regional Raiffeisen-Landesbanken remained RBI's majority owners and together held a 58.8% stake in RBI.

RBI's good profitability will decline

The ba2 Profitability score assigned to RBI is three notches below the bank's initial score. The adjustment reflects our expectation that significantly lower results transfers from Eastern Europe will weaken RBI's capacity to generate freely fungible earnings.

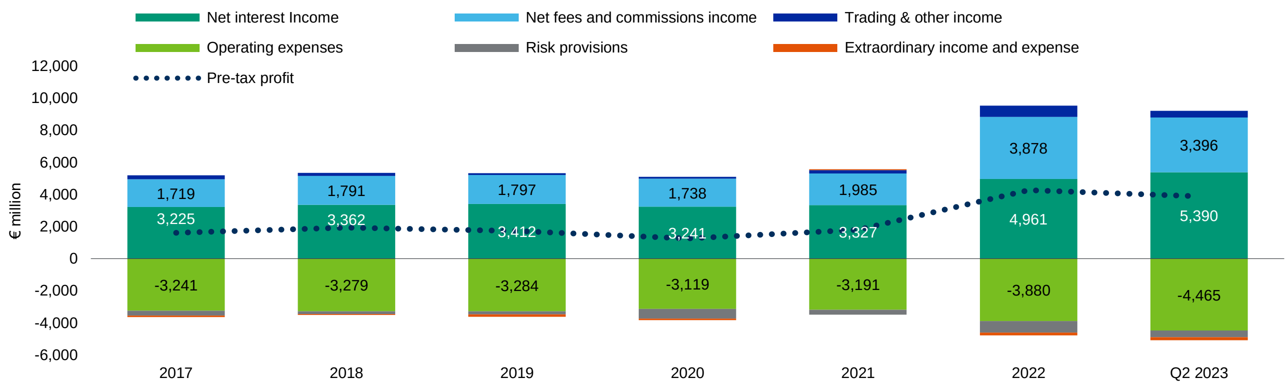
RBI's subsidiaries in Ukraine and Russia have been key contributors to the group's overall profitability in recent years. Despite higher loan loss provisions in both countries, the contribution to net income, particularly of RBI's Russian operations with €2.1 billion, was extraordinarily high in 2022. Because of dividend upstream limitations, RBI currently cannot use the retained earnings of its well-capitalised Russian unit elsewhere in the group.

We expect RBI's results to normalise at a lower level than what RBI achieved before the Russian invasion of Ukraine, reflecting a more moderate and lower-risk revenue profile of its core operations outside Eastern Europe.

Prospectively, we expect RBI's core operations' very strong operating income to moderate somewhat from the 2022 level because interest rate levels in CEE are unlikely to increase significantly, whereas continued deposit repricing and reallocation from current accounts to term deposits will reduce the liability margins. Similarly, net fee income will benefit less from foreign-currency transactions, not least since Croatia adopted the euro in January 2023.

For a discussion of 2022 results, please refer to our comment RBI: Improved financials simplify an exit from Russia. In H1 2023, RBI achieved a Moody's-adjusted net profit of €1.6 billion. The difference to the bank's reported net result of €1.3 billion mainly results from our treatment as a non-recurring item of a significant part of the €329 million of additional litigation provisions booked in Q2 for the bank's legacy Swiss franc mortgage portfolio in Poland. Excluding the group's activities in Russia and Belarus, RBI's reported net result would only have been €0.6 billion during 1H 2023, roughly unchanged from the first six months of 2022, excluding the one-off gain on the sale of its Bulgarian subsidiary during that period. Significantly stronger net interest income (up €0.5 billion to €2.0 billion excluding Russia and Belarus) and very low loan loss provisions supported by a partial release of management overlay reserves offset both the one-off litigation provision cost as well as higher operating expenses (up €157 million or +11.5%) and weaker net trading income and fair value result (down €198 million). For the full year 2023, RBI now anticipates a moderate group-wide cost of risk of 60 basis points of gross loans or 30 basis points when excluding its Eastern European segment and a reported cost-to-income ratio (excluding Russia and Belarus) between 51% and 53%, moderately above the level of 50.4% achieved in 1H23.

Exhibit 8
RBI's profitability was strong in H1 2023 (annualised), with a significant contribution from Russia



Sources: Company and Moody's Investors Service

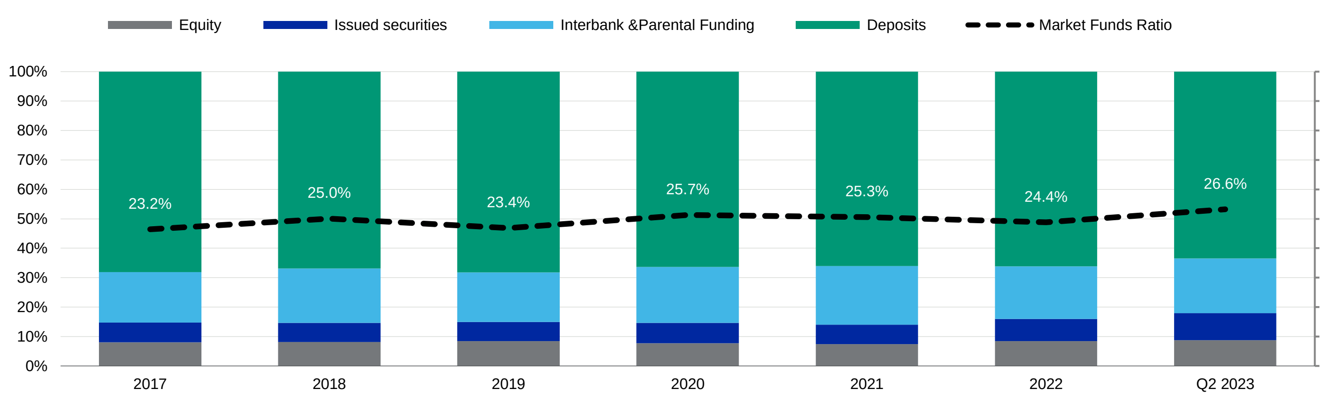
Sizeable deposits ensure moderate reliance on wholesale funding

RBI's Funding Structure score is baa2, one notch above the initial score of baa3, reflecting the bank's reliance on wholesale funding and qualitative considerations because RBI is the Austrian Raiffeisen sector's central institution. The ample sources of sector funding, including member banks' minimum reserves, are a more stable source of funding, even in times of stress because of the Raiffeisen sector's high cohesion.

The assigned score further takes into account the bank's €7.9 billion of drawings under the ECB's targeted longer-term refinancing operations (TLTRO) as of December 2022. These measures are temporary and have been designed to take advantage of favourable terms offered by the ECB and depositing back at the central bank rather than using them for lending or investment purposes, thereby temporarily inflating RBI's balance sheet. As of March 2023, RBI repaid €4.1 billion of these TLTRO funds and plans early repayments for the remainder, which matures over the course of 2023 and 2024.

RBI's ability to access the capital markets is an integral part of its business model. When presenting H1 results, the bank reiterated that it aimed to issue junior senior unsecured debt during H2 2023 to strengthen its loss absorption capacity. Similarly, in October 2022, RBI issued a €500 million senior unsecured bond, which was complemented by another €1 billion senior unsecured instrument in January 2023. Furthermore, its placement of a €500 million subordinated debt instrument in September 2022 also supports the degree of compliance with these requirements. The bank's reliance on wholesale funding is demonstrated by its market funding of 24.4% of its tangible banking assets as of December 2022 (December 2021: 25.3%). A good portion of the bank's funding needs is placed with Austrian investors and via private placements.

Exhibit 9
Deposits remain RBI's main funding source



Sources: Company and Moody's Investors Service

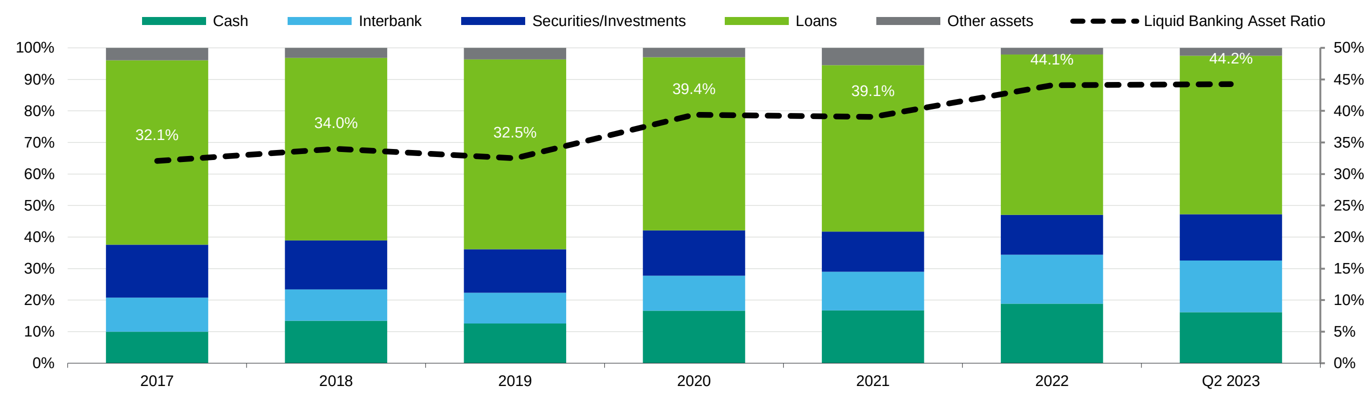
RBI continues to benefit from a deposit-rich balance sheet, with customer deposits accounting for 59% of its total assets as of June 2023 (December 2022: 60%). RBI's customer loans of €101.8 billion were more than covered by its €120.6 billion of customer deposits for the same period. RBI's regulatory NSFR has increased moderately following its senior unsecured issuance in January and reached 140% on 21 July 2023 from 135% as of year-end 2022 and we expect it to be further enhanced by junior senior unsecured debt issuances during H2 2023. At the single-entity level, RBI's NSFR was 114% as of 21 July 2023, with the bank highlighting in its Q2 investor deck that its head office has sufficient liquidity to cover all deposits and maturing funding for over one year. As of the end of June 2023, RBI's network banks were able to source funding from local markets, as indicated by the loan-to-deposit ratios of 35% for Ukraine, 76% for the Czech Republic and 42% for Russia.

Liquidity reserves are solid, providing an increasing buffer

RBI's assigned baa2 Liquid Resources score is two notches below the initial score of a3, reflecting the bank's liquid assets, which represented 44.1% of its tangible assets as of December 2022 (December 2021: 39.1%). This is solid compared with its reliance on confidence-sensitive funding. The assigned score incorporates the bank's significant sector liabilities (RBI holds liquidity on behalf of the Austrian Raiffeisen sector), some limited asset encumbrance, our expectation that liquidity will return to historical levels after the ECB's measures run out and limitations to the cross-border transfer of liquid funds within the group, in particular from Eastern European operations. Currently, liquid resources include cash deposits at the ECB from the TLTRO takeup.

Exhibit 10

RBI's liquidity reserves provide an adequate buffer against potential funding risks



Sources: Company and Moody's Investors Service

RBI's €88.8 billion (December 2022: €88.7 billion) of liquid resources as of June 2023 consisted of €32.6 billion in cash (December 2022: €38.1 billion) and €33.1 billion in interbank claims (December 2022: €31.4 billion). Furthermore, we take into account RBI's €25.3 billion (December 2022: €22.2 billion) of liquid and high-quality securities, along with its access to the covered bond market, although recourse has been limited for now.

RBI's unrecognised losses before hedges and tax effects on its €19.0 billion (carrying amount) of held-to-maturity (HTM) securities as of December 2022 were €822 million, but declined to only €546 million by the end of June 2023 (on €22.7 billion of HTM securities at that date), equivalent to a manageable 0.55% of the group's risk-weighted assets.

For the calculation of the regulatory liquidity coverage ratio, which was an unweighted average of 186% for June 2023 (Q4 2022: 202%), RBI used an average €39.3 billion (December 2022: €44.0 billion) of unencumbered high-quality liquid assets.

ESG considerations

Raiffeisen Bank International AG's ESG Credit Impact Score is Neutral-to-Low CIS-2

Exhibit 11
ESG Credit Impact Score

CIS-2
Neutral-to-Low

For an issuer scored CIS-2 (Neutral-to-Low), its ESG attributes are overall considered as having a neutral-to-low impact on the current rating; i.e., the overall influence of these attributes on the rating is non-material.

Source: Moody's Investors Service

RBI's **CIS-2** indicates that ESG considerations do not have a material impact on the current rating. It reflects the limited credit impact from environmental and social risk factors on the rating to date, as well as low / not-material governance risks.

Exhibit 12
ESG Issuer Profile Scores

ENVIRONMENTAL
E-3
Moderately Negative

SOCIAL
S-4
Highly Negative

GOVERNANCE
G-2
Neutral-to-Low

Source: Moody's Investors Service

Environmental
RBI faces moderate exposure to environmental risks primarily because of its portfolio exposure to carbon transition risk as a diversified universal banking group, operating in several countries particularly Russia and Central and Eastern Europe. In line with its peers, RBI is facing mounting business risks and stakeholder pressure to meet broader carbon transition goals. RBI is actively engaging in further developing its comprehensive risk management and climate risk reporting frameworks.

Social
RBI faces high industrywide customer relations risks related to regulatory risk, litigation exposure and high compliance requirements in its diversified operations. High cyber and personal data risks are mitigated by sound IT risk controls, with increased investments in digitalisation.

Governance
RBI faces low / not-material governance risks, and its risk management, policies and procedures are in line with industry practices and commensurate with its universal banking model and multi-country operations, and the bank provides high-quality external reporting. RBI is a listed company, and its hybrid ownership structure, namely both mutualist (Austrian Raiffeisen banking sector) and private, results in a very specific governance set-up, but this does not result in incremental governance risks because of Austria's developed institutional framework.

ESG Issuer Profile Scores and Credit Impact Scores for the rated entity/transaction are available on Moodys.com. In order to view the latest scores, please click here to go to the landing page for the entity/transaction on MDC and view the ESG Scores section.

Support and structural considerations

Affiliate support

The one-notch uplift in RBI's Adjusted BCA reflects the very high likelihood that the sector's central institution would receive support from RBG in case of need. RBI's Austrian entities are members of the federal IPS of RBG. IPS support significantly reduces the probability of default because the cooperative group's cross-sector support mechanism aims to stabilise its members by avoiding a bail-in or any form of loss participation by creditors. The sector's strong cohesion results in a very close alignment of member banks' Adjusted BCAs. The financial strength of RBG and the Very High affiliate support assumption for RBI result in a one-notch rating uplift from the bank's baa3 BCA.

We assess the Austrian Raiffeisen sector's financial capacity to provide support to its members based on the cooperative group's combined financial strength. The sector's strong cohesion and its sound capitalisation help mitigate its higher-risk CEE exposures housed at RBI.

Loss Given Failure (LGF) analysis

RBI is subject to the EU Bank Recovery and Resolution Directive (BRRD), which we consider an operational resolution regime. Therefore, we apply our Advanced LGF analysis, taking into account the risks faced by the different debt and deposit classes across the liability structure should the bank enter resolution.

Our resolution perimeter reflects RBI's setup as a multiple-point-of-entry group. Accordingly, our domestic resolution perimeter focuses on the assets and liabilities of the unconsolidated accounts of RBI AG, and we include an estimate for its material domestic subsidiaries, mainly Raiffeisen Bausparkasse GmbH and Kathrein Privatbank AG. To calculate tangible banking assets, we consider overlaps between the individual local GAAP balance sheets and incorporate our forward-looking expectations concerning TLTRO repayment, maturities, new issuances and balance-sheet management measures.

In our Advanced LGF analysis, we consider the results of both the formal legal position (pari passu, or "de jure" scenario), to which we assign a 75% probability, and an alternative liability ranking, reflecting resolution authority discretion to prefer deposits over senior unsecured debt (full depositor preference, or "de facto" scenario), to which we assign a 25% probability.

We further assume residual TCE of 3% and post-failure losses of 8% of tangible banking assets. In addition, we assume a 26% share of deposits are junior wholesale deposits, for which we factor in a 25% run-off before failure, while we assume a 5% run-off in preferred deposits.

For deposits and senior unsecured debt, rated A1, our forward-looking LGF analysis indicates an extremely low loss given failure. Following the near-term repayment of TLTRO funding in conjunction with the bank's new issuance and balance sheet size plans, we expect the result of our LGF analysis to remain in sync with the assigned three notches of uplift from the baa2 Adjusted BCA.

For junior senior unsecured and subordinated debt, rated Baa2, respectively, our LGF analysis indicates a moderate loss given failure, resulting in an alignment of the rating with the baa2 Adjusted BCA.

Additional Tier 1 (AT1) instruments

We assign a Ba2(hyb) rating to RBI's low-trigger AT1 securities, which is three notches below the bank's baa2 Adjusted BCA. The rating reflects our assessment of the notes' undated deeply subordinated claim in case of liquidation, and their non-cumulative coupon deferral features. The notes are senior only to RBI's ordinary shares and other capital instruments that qualify as CET1 capital. In addition, the notes' principal is subject to a write-down on a contractual basis if RBI's consolidated or standalone CET1 ratio falls below 5.125%, the issuer receives public support or the Austrian Financial Market Authority determines that the conditions for a write-down of the instrument are fulfilled and orders such a write-down as a measure to prevent solvency. The Ba2(hyb) rating also reflects our view that RBI's management will be able to stick to its stated intention of avoiding AT1 coupon suspensions based on RBI's own financial strength, which leaves significant buffers to quantitative coupon suspension thresholds, and on the availability of sector support in case of an unexpectedly strong decline in core capital ratios.

Government support considerations

RBI is one of Austria's largest commercial banks and the central institution of RBG, which makes it a systemically relevant entity. RBI's Austrian entities are direct members of the IPS of RBG.

Because of their size on a consolidated basis, we consider both RBI and RBG systemically relevant, which may lead the government to intervene to shield it from disruptive losses and, therefore, attribute a moderate probability of Austrian government support for all members of the sector, in line with the support assumptions for other systemically relevant banking groups in Europe.

We, therefore, include one notch of government support uplift in our Counterparty Risk Ratings (CRRs), and senior unsecured debt and deposit ratings of RBI.

Counterparty Risk Ratings (CRRs)

RBI's CRRs are A1/P-1

The CRRs, before government support, are three notches above the bank's baa2 Adjusted BCA, reflecting the extremely low loss given failure from the high volume of instruments that are subordinated to CRR liabilities. RBI's CRRs also benefit from one notch of rating uplift provided by government support, in line with our support assumptions on deposits and senior unsecured debt.

Counterparty Risk (CR) Assessment

RBI's CR Assessment is A1(cr)/P-1(cr)

RBI's CR Assessment is four notches above the Adjusted BCA of baa2 incorporating three notches of uplift derived from the buffer against default provided by more subordinated instruments to the senior obligations represented by the CR Assessment; and one notch of government support uplift, assuming a moderate level of support. To determine the CR Assessment, we focus purely on subordination and we do not take into account the volume of the instrument class.

Methodology and scorecard

The principal methodology we used in rating RBI was our Banks Methodology, published in July 2021.

About Moody's Bank Scorecard

Our scorecard is designed to capture, express and explain in summary form our Rating Committee's judgement. When read in conjunction with our research, a fulsome presentation of our judgement is expressed. As a result, the output of our scorecard may materially differ from that suggested by raw data alone (though it has been calibrated to avoid the frequent need for strong divergence). The scorecard output and the individual scores are discussed in rating committees and may be adjusted up or down to reflect conditions specific to each rated entity.

Rating methodology and scorecard factors

Exhibit 13

Raiffeisen Bank International AG

Macro Factors							
Weighted Macro Profile	**Moderate +**	**100%**					
Factor	**Historic Ratio**	**Initial Score**	**Expected Trend**	**Assigned Score**	**Key driver #1**	**Key driver #2**	
Solvency							
Asset Risk							
Problem Loans / Gross Loans	2.9%	baa1	↔	baa3	Expected trend	Sector concentration	
Capital							
Tangible Common Equity / Risk Weighted Assets (Basel III - transitional phase-in)	15.7%	a3	↔	baa2	Capital fungibility	Stress capital resilience	
Profitability							
Net Income / Tangible Assets	1.2%	baa2	↔	ba2	Expected trend	Return on assets	
Combined Solvency Score		baa1		baa3			
Liquidity							
Funding Structure							
Market Funds / Tangible Banking Assets	24.4%	baa3	↔	baa2	Extent of market funding reliance	Market funding quality	
Liquid Resources							
Liquid Banking Assets / Tangible Banking Assets	44.1%	a3	↔	baa2	Stock of liquid assets	Intragroup restrictions	
Combined Liquidity Score		baa2		baa2			
Financial Profile				baa3			
Qualitative Adjustments				Adjustment			
Business Diversification				0			
Opacity and Complexity				0			
Corporate Behavior				0			
Total Qualitative Adjustments				0			
Sovereign or Affiliate constraint				Aa1			
BCA Scorecard-indicated Outcome - Range				baa2 - ba1			
Assigned BCA				baa3			
Affiliate Support notching				-			
Adjusted BCA				baa2			

Balance Sheet	**in-scope (EUR Million)**	**% in-scope**	**at-failure (EUR Million)**	**% at-failure**
Other liabilities	52,873	56.2%	47,629	50.6%
Deposits	23,097	24.5%	27,926	29.7%
Preferred deposits	17,092	18.2%	21,862	23.2%
Junior deposits	6,005	6.4%	6,064	6.4%
Senior unsecured bank debt	10,990	11.7%	10,990	11.7%
Junior senior unsecured bank debt			1,000	1.1%
Dated subordinated bank debt	2,696	2.9%	2,112	2.2%
Preference shares (bank)	1,650	1.8%	1,650	1.8%
Equity	2,824	3.0%	2,824	3.0%
Total Tangible Banking Assets	94,131	100.0%	94,131	100.0%

Debt Class	De Jure waterfall		De Facto waterfall		Notching		LGF Notching Guidance vs. Adjusted BCA	Assigned LGF notching	Additional Notching	Preliminary Rating Assessment
	Instrument volume + subordination	Sub-ordination	Instrument volume + subordination	Sub-ordination	De Jure	De Facto				
Counterparty Risk Rating	26.2%	26.2%	26.2%	26.2%	3	3	3	3	0	a2
Counterparty Risk Assessment	26.2%	26.2%	26.2%	26.2%	3	3	3	3	0	a2 (cr)
Deposits	26.2%	8.1%	26.2%	19.7%	3	3	3	3	0	a2
Senior unsecured bank debt	26.2%	8.1%	19.7%	8.1%	3	3	3	3	0	a2
Junior senior unsecured bank debt	8.1%	7.0%	8.1%	7.0%	0	0	0	0	0	baa2
Dated subordinated bank debt	7.0%	4.8%	7.0%	4.8%	0	0	0	0	0	baa2
Non-cumulative bank preference shares	4.8%	3.0%	4.8%	3.0%	-1	-1	-1	-1	-2	ba2

Instrument Class	Loss Given Failure notching	Additional notching	Preliminary Rating Assessment	Government Support notching	Local Currency Rating	Foreign Currency Rating
Counterparty Risk Rating	3	0	a2	1	A1	A1
Counterparty Risk Assessment	3	0	a2 (cr)	1	A1(cr)	
Deposits	3	0	a2	1	A1	A1
Senior unsecured bank debt	3	0	a2	1	A1	
Junior senior unsecured bank debt	0	0	baa2	0	Baa2	
Dated subordinated bank debt	0	0	baa2	0	Baa2	
Non-cumulative bank preference shares	-1	-2	ba2	0	Ba2 (hyb)	

[1] Where dashes are shown for a particular factor (or sub-factor), the score is based on non-public information.
Source: Moody's Investors Service

Ratings

Exhibit 14

Category	Moody's Rating
RAIFFEISEN BANK INTERNATIONAL AG	
Outlook	Stable
Counterparty Risk Rating	A1/P-1
Bank Deposits	A1/P-1
Baseline Credit Assessment	baa3
Adjusted Baseline Credit Assessment	baa2
Counterparty Risk Assessment	A1(cr)/P-1(cr)
Senior Unsecured -Dom Curr	A1
Junior Senior Unsecured -Dom Curr	Baa2
Subordinate -Dom Curr	Baa2
Pref. Stock Non-cumulative -Dom Curr	Ba2 (hyb)

Source: Moody's Investors Service

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