Annual Report 2021

figures subject to final
Supervisory Board examination

Raiffeisen Bank International
Member of RBI Group

Highlights

- Consolidated profit of € 1.4 billion in 2021, above pre-pandemic level
- Net interest income up 7 per cent year-on-year driven by volume growth and higher key rates
- Record net fee and commission income of € 1,985 million, up 18 per cent
- Cost/income ratio at 53.5 per cent
- 0.30 per cent provisioning ratio, including stage 1 and 2 provisions for COVID-19 and geopolitics
- Loans to customers up 15 per cent, incl. Bulgarian entity
- Net interest margin stabilized around 2 per cent
- CET1 ratio at 13.1 per cent
- Dividend proposal of EUR 1.15 per share, corresponding to a payout ratio of 28 per cent
- The Annual General Meeting will be held on 31 March 2022

RBI implemented a fast close process, which focused on further improving and accelerating the processes and enabled RBI to significantly reduce the reporting timeline.

This report is still subject to final Supervisory Board examination. Furthermore, the report in its present form does not include the Report of the Supervisory Board, the Corporate Governance Report and the consolidated non-financial report (Sustainability Report). The final form of the Annual Report, as well as the Annual Financial Report ("Jahresfinanzbericht"), in accordance with § 124 of the Austrian Stock Exchange Act (BörseG) will be published on 3 March 2022.

Overview

Monetary values in € million	2021	2020	Change	2019	2018	2017
Income statement	**1/1-31/12**	**1/1-31/12**		**1/1-31/12**	**1/1-31/12**	**1/1-31/12**
Net interest income	3,327	3,121	6.6%	3,412	3,362	3,225
Net fee and commission income	1,985	1,684	17.8%	1,797	1,791	1,719
General administrative expenses	(2,978)	(2,832)	5.2%	(3,052)	(3,015)	(2,994)
Operating result	2,592	2,241	15.7%	2,492	2,424	2,247
Impairment losses on financial assets	(295)	(598)	(50.7)%	(234)	(166)	(312)
Profit/loss before tax	1,790	1,183	51.3%	1,767	1,753	1,612
Profit/loss after tax	1,508	910	65.7%	1,365	1,398	1,246
Consolidated profit/loss	1,372	804	70.7%	1,227	1,270	1,116
Statement of financial position	**31/12**	**31/12**		**31/12**	**31/12**	**31/12**
Loans to banks	16,630	11,952	39.1%	9,435	9,998	10,741
Loans to customers	100,832	90,671	11.2%	91,204	80,866	77,745
Deposits from banks	34,607	29,121	18.8%	23,607	23,980	22,378
Deposits from customers	115,153	102,112	12.8%	96,214	87,038	84,974
Equity	15,475	14,288	8.3%	13,765	12,413	11,241
Total assets	192,101	165,959	15.8%	152,200	140,115	135,146
Key ratios	**1/1-31/12**	**1/1-31/12**		**1/1-31/12**	**1/1-31/12**	**1/1-31/12**
Return on equity before tax	12.6%	8.8%	3.8 PP	14.2%	16.3%	16.2%
Return on equity after tax	10.6%	6.8%	3.8 PP	11.0%	12.7%	12.5%
Consolidated return on equity	10.9%	6.4%	4.5 PP	11.0%	12.6%	12.2%
Cost/income ratio	53.5%	55.8%	(2.4) PP	55.1%	55.4%	57.1%
Return on assets before tax	0.99%	0.74%	0.25 PP	1.18%	1.33%	1.23%
Net interest margin (average interest-bearing assets)	2.01%	2.13%	(0.12) PP	2.44%	2.50%	2.48%
Provisioning ratio (average loans to customers)	0.30%	0.67%	(0.37) PP	0.26%	0.21%	0.41%
Bank-specific information	**31/12**	**31/12**		**31/12**	**31/12**	**31/12**
NPE ratio	1.6%	1.9%	(0.3) PP	2.1%	2.6%	4.0%
NPE coverage ratio	62.5%	61.5%	1.0 PP	61.0%	58.3%	56.1%
Total risk-weighted assets (RWA)	89,921	78,864	14.0%	77,966	72,672	71,902
Common equity tier 1 ratio	13.1%	13.6%	(0.5) PP	13.9%	13.4%	12.7%
Tier 1 ratio	15.0%	15.7%	(0.8) PP	15.4%	14.9%	13.6%
Total capital ratio	17.6%	18.4%	(0.8) PP	17.9%	18.2%	17.8%
Stock data	**1/1-31/12**	**1/1-31/12**		**1/1-31/12**	**1/1-31/12**	**1/1-31/12**
Earnings per share in €	3.89	2.22	75.6%	3.54	3.68	3.34
Closing price in € (31/12)	25.88	16.68	55.2%	22.39	22.20	30.20
High (closing prices) in €	29.40	22.92	28.3%	24.31	35.32	30.72
Low (closing prices) in €	16.17	11.25	43.7%	18.69	21.30	17.67
Number of shares in million (31/12)	328.94	328.94	0.0%	328.94	328.94	328.94
Market capitalization in € million (31/12)	8,513	5,487	55.2%	7,365	7,302	9,934
Dividend per share in €	1.15	1.23	(6.5)%	–	0.93	0.62
Resources	**31/12**	**31/12**		**31/12**	**31/12**	**31/12**
Employees as at reporting date (full-time equivalents)	46,185	45,414	1.7%	46,873	47,079	49,700
Business outlets	1,771	1,857	(4.6)%	2,040	2,159	2,409
Customers in million	19.0	17.2	10.6%	16.7	16.1	16.5

Due to the planned sale of the Bulgarian subsidiary bank and its participation there has been a change in the statements according to IFRS 5. This business operation is classified as a disposal group held for sale and reported separately in the statement of financial position. The prior year figures have not been adapted. The income statement of the Bulgarian subsidiary bank and its participation is reported under gains/losses from discontinued operations. The prior year 2020 figures have been adapted accordingly in the income statement, as were the key ratios.

From 1 January 2021, the income statement has been slightly adjusted in order to increase transparency (the prior year figures have been adapted). Further information can be found in the notes, chapter principles underlying the consolidated financial statements under changes to the income statement.

In this report RBI denotes the RBI Group. If RBI AG is used it denotes Raiffeisen Bank International AG. Head office refers to Raiffeisen Bank International AG excluding branches.

Adding and subtracting rounded amounts in tables and charts may lead to minor discrepancies. Changes in tables are not based on rounded amounts. The ratios referenced in this report are defined in the consolidated financial statements under key figures.

Highlights in the RBI network in 2021

1.75 million
customers

Czech Republic

Raiffeisenbank a.s. doubled its number of customers to 1.75 million, due to the acquisition of Equa bank, the integration of Raiffeisen Bausparkasse and the take-over of ING CZ customers.

€ 9 billion
total volume in sustainable bond transactions arranged

Austria

In 2021, RBI AG acted as lead manager for 22 sustainable bond transactions with a total volume of € 9 billion.

€ 300 million
green bond

Slovakia

The € 300 million green bond issued by Tatra banka, a.s. in April 2021, reflected the first publicly syndicated green bond from a bank in the CEE region.

no. 1
in SME segment

Hungary

Raiffeisen Bank Zrt. had the highest Net Promotor Score (NPS) in the SME segment, making it the most recommended bank in this sector.

no. 1
retail and corporate bank

Croatia

With the highest NPS in both, retail and corporate business, Raiffeisenbank Austria d.d. was again the most recommended traditional bank in the country in 2021.

no. 1
banking app

Bosnia and Herzegovina

Raiffeisen Bank d.d. Bosna i Hercegovina introduced a new banking app in 2021 which immediately became the best-rated banking app in the App Store and Play Store in Bosnia and Herzegovina.

100% acquisition
of Crédit Agricole Srbija

Serbia

Raiffeisen banka a.d. signed an agreement to acquire 100% of the shares of Crédit Agricole Srbija, laying the foundation for further growth in the future.

no. 1
market position confirmed

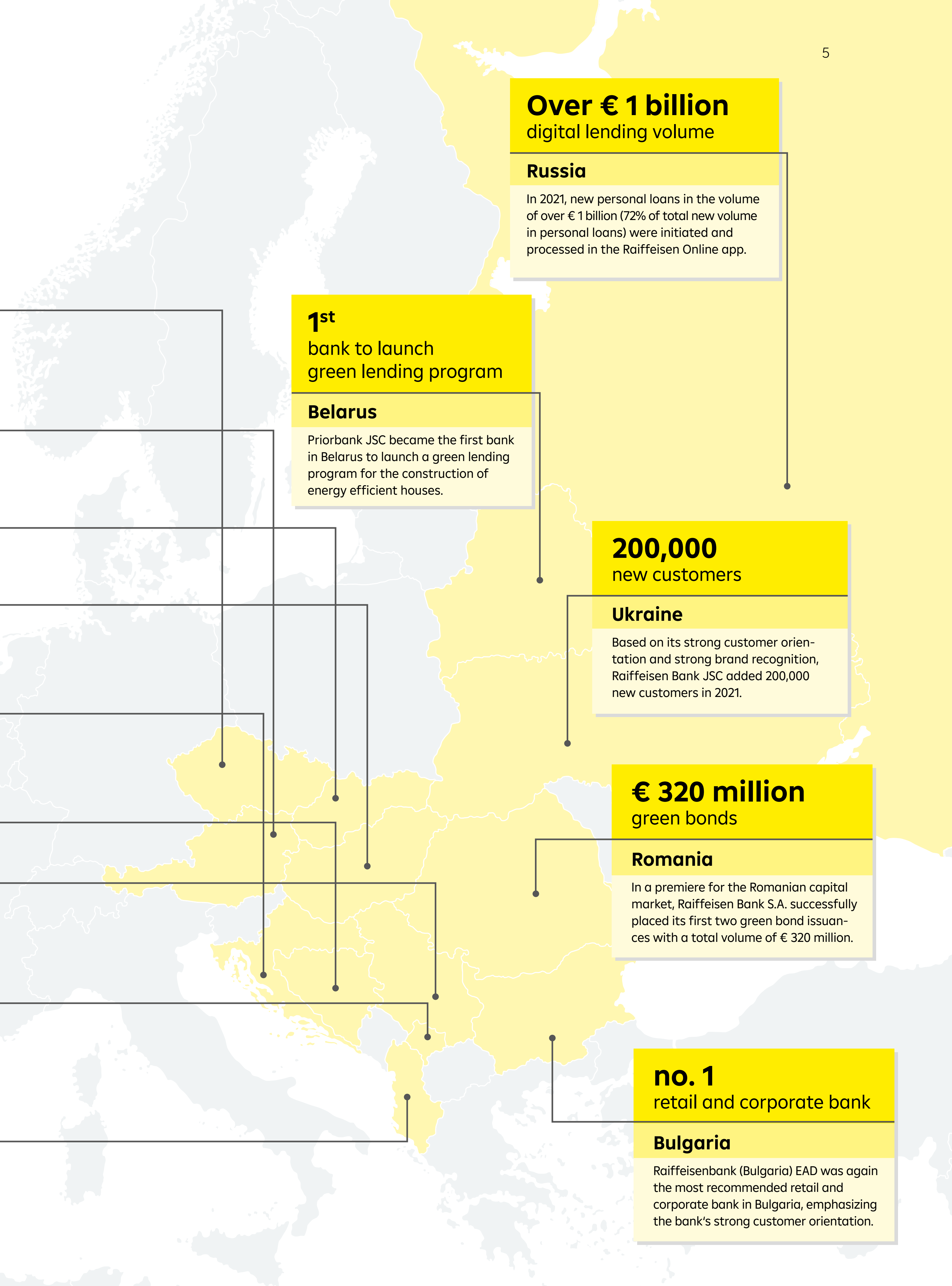
Kosovo

Raiffeisen Bank Kosovo J.S.C. confirmed its number 1 market position in the local market and put a special focus on the implementation of its ESG strategy.

1st
digital end-to-end lending process

Albania

Raiffeisen Bank Sh.A. is the first Albanian bank to introduce a fully digital end-to-end lending process, which generated new loans volume of € 1.5 million since August 2021.



Over € 1 billion
digital lending volume

Russia

In 2021, new personal loans in the volume of over € 1 billion (72% of total new volume in personal loans) were initiated and processed in the Raiffeisen Online app.

1st
bank to launch green lending program

Belarus

Priorbank JSC became the first bank in Belarus to launch a green lending program for the construction of energy efficient houses.

200,000
new customers

Ukraine

Based on its strong customer orientation and strong brand recognition, Raiffeisen Bank JSC added 200,000 new customers in 2021.

€ 320 million
green bonds

Romania

In a premiere for the Romanian capital market, Raiffeisen Bank S.A. successfully placed its first two green bond issuances with a total volume of € 320 million.

no. 1
retail and corporate bank

Bulgaria

Raiffeisenbank (Bulgaria) EAD was again the most recommended retail and corporate bank in Bulgaria, emphasizing the bank's strong customer orientation.

Content

RBI Management Board

Andrii Stepanenko
Retail Banking

Digital Bank

International Digital Business & Omnichannel Experience

International Premium & Private Banking

International Retail Customer Success & Monetization

International Retail Lending

International Retail Payments

International Small Business Banking & CX

Peter Lennkh
Corporate Banking

Corporate Customers

Corporate Finance

Group Corporate Business Strategy & Steering

International Leasing Steering & Product Management

Trade Finance & Transaction Banking

Johann Strobl
CEO

Active Credit Management

Chairman's Office

Group Communications

Group ESG & Sustainability Management

Group Executive Office

Group Finance Services

Group Finance Task Force

Group Financial Reporting & Steering

Group Internal Audit[1]

Group Investor Relations

Group Marketing

Group People & Organisational Innovation

Group Strategy

Group Subsidiaries & Equity Investments

Group Tax Management

Group Treasury

Legal Services[2]

Sector Marketing

Łukasz Januszewski
Markets & Investment Banking

Group Asset Management (via RCM)

Group Capital Markets Corporates & Retail Sales

Group Capital Markets Trading & Institutional Sales

Group Investment Banking

Group Investor Services

Group MIB Business Management & IC Experience

Institutional Clients

Raiffeisen Research

Hannes Mösenbacher
CRO

Financial Institutions, Country & Portfolio Risk Management

Group Advanced Analytics

Group Compliance[1]

Group Corporate Credit Management

Group Regulatory Affairs & Data Governance

Group Risk Controlling

Group Special Exposures Management

International Retail Risk Management

RCB Retail Risk Management

Sector Risk Controlling Services

Andreas Gschwenter
COO/CIO

Customer Data Services

Group Core IT

Group Data

Group Efficiency Management

Group IT Delivery

Group Procurement, Outsourcing & Real Estate Management

Group Security, Resilience & Portfolio Governance

Head Office Operations

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

"We are growing again"

Interview with the Chief Executive Officer Johann Strobl

Was 2021 the anticipated year of recovery after COVID dominated in 2020?

The increasing availability of vaccines thankfully eased some of the fears surrounding the COVID-19 pandemic, which created the basis for a recovery of the economy. In the first half of the year in particular, many of our customers were still grappling hard with the effects of the pandemic. We must not forget that some sectors were still affected by the lockdowns and further restrictive measures taken to contain the pandemic. Furthermore, new and somewhat unexpected challenges emerged as the economic recovery took hold. Many of our corporate clients are battling with supply bottlenecks and are unable to offer or manufacture their products and services to the extent permitted by their order books. In some of the markets in which we operate, including Austria, infections are rising sharply again. As a result, the overall economic recovery, while satisfying, was not quite as dynamic as we had hoped for.

How is that reflected in RBI's profit?

The economic recovery is also reflected in our results. In 2021, we generated a consolidated profit of 1.4 billion euros. That is an increase of 71 per cent. Our core revenues are already mostly back to pre-crisis levels and net interest income is significantly higher. We managed to increase loans to customers by 15 per cent year-on-year, if we still include Bulgaria. In other words, we are growing again. However, it would be an oversimplification to claim that the good result is attributable solely to the market environment, which still continues to be partly impaired by the pandemic. We worked very hard to improve our core revenues and have invested heavily. Finally, despite strong growth we have a CET1 ratio of 13.1 per cent. All these measures are now bearing fruit, and this has also been acknowledged by market participants. Last year, Moody's lifted our long-term rating to A2 and RBI's share price rose 55 per cent in the 2021 financial year, making it a top performer in the ATX index.

What role do interest rates play in the result?

In the euro area, the interest rate environment is shaped by the ECB's very expansionary monetary policy. For the time being, this should not change much as long as the price increases seen last year remain transitory as expected by the ECB. However, we are currently seeing signs that domestic inflationary pressures and core inflation in the euro area are stronger than in the last ten years. In our view, this would give the ECB an opportunity – barring further pandemic-related shocks - to exit its policy of strong market intervention and negative interest rates by 2023 at the latest. The pandemic also required central banks in CEE to respond by cutting key rates. This naturally affected our net interest margin, though it stabilized towards year-end. Certainly, the absolute interest rate level in CEE remains markedly higher than in the euro area and the first central banks - for example in the Czech Republic, Russia, Ukraine, Hungary and Romania - have begun to tighten monetary policy and hike benchmark rates, in some cases sharply, as domestic inflationary pressures are also significantly stronger than expected in those countries. This is likely to have a positive impact on future net interest income.

And what about risk costs and cost development?

We reported risk costs of 295 million euros, which is a year-on-year decline of 51 per cent and a very good result in terms of risk. Of course, we have to keep in mind that the pandemic had significantly increased provisioning requirements in the previous year. However, it also reflects our efforts over many years to enhance the quality of our loan portfolio. Operating expenses were only slightly up year-on-year. Currency trends in some countries also had a positive impact, albeit, they also impaired net interest income. We are satisfied with a cost/income ratio of 53.5 per cent. We expect an upper single digit per cent increase in general administrative expenses in 2022, as well as additional costs of around 100 million euros from the integration of the acquisitions in the Czech Republic (Equa bank) and Serbia (Crédit Agricole Srbija). The cost/income ratio without considering the integration costs may amount to around 55 per cent. We remain committed to our cost/income ratio target of around 55 per cent and aim for a further improvement in the medium term.

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What was the motivation behind last year's acquisitions?

The CEE banking sector is in a period of consolidation. We have an aim to play an active part in this process in order to optimize the position of our banking group for the future. In the Czech Republic, one of our most important markets, we have significantly improved our market position through purchasing Equa bank. As a result of the acquisition, which closed in the summer of 2021, we have gained around half a million new customers. The purchase of Crédit Agricole Srbija is also proceeding as planned. Strategically, it is a perfect fit for our bank in Serbia and will support our growth ambitions there. Crédit Agricole Srbija serves nearly 400,000 customers and is a leader in agricultural finance, and so it complements the business profile of our Serbian bank very well. We expect the transaction to close in the first quarter of 2022.

...and this included a sale?

That's correct. In November of last year, we announced that we had entered into an agreement with KBC Bank on the sale of all the shares in our Bulgarian subsidiary. Our Bulgarian bank has an excellent reputation, which is also reflected in the very attractive selling price of around 1 billion euros. It is, however, only the sixth-largest bank in the country. Considerable additional purchases would have been necessary to improve its market position. Considering the expected demographic trend, ultimately, we opted to sell the business. In summary, we can say that we have strengthened our market position by making acquisitions in markets in which we can achieve a leading position and see significant growth potential. On the other hand, we have freed up capital in markets where we do not see the chances being as high.

Green finance is a dominant issue in the financial sector. How has RBI positioned itself in this area?

In the past, RBI took on a pioneering role in CEE in the restructuring of socialist planned economies into free market economies. We also want our bank to position itself early in the transformation to more sustainable business models as well as to actively collaborate in the process. By 2025, we want to be the most recommended financial services institution in the markets in which we operate. Besides offering innovative and customer-friendly digital products and services, this means that we also need to be accepted by society as a responsible business. Sustainability is therefore one of the four pillars of our corporate strategy. This is also why we signed the UN Principles for Responsible Banking at the start of 2021, thereby committing ourselves to implementing the six principles consistently across the Group. Awareness of climate change is much greater in many CEE markets than generally assumed in Western Europe, which often views CEE as a region that still heavily relies on fossil energy sources and that climate protection plays a subordinate role. However, our local studies, analyses and experience reveal a very much varied picture. Our CEE customers are deeply engaged in ESG matters, set themselves sustainability goals and implement the processes needed to achieve them. We are seeing tangible results, for example, in the steep rise in demand for green finance. This is generally to be welcomed, as it will be impossible to fund the necessary investments in climate change protection without massive deployment of private capital. We have built up extensive know-how in recent years as the largest green bond issuer in Austria. We are now rolling this out across CEE and making it available to our customers. In the last financial year, we were involved in sustainable bond transactions with a volume of 9 billion euros.

Given the boom in green products, do you see a risk of greenwashing?

We must ensure that the demand for green investments is not damaged. It took a very long time for green investments to develop from a niche product into a standard one. Trust – whether among private or institutional investors – must not be destroyed. We need to be able to assess transactions and projects according to ESG criteria and be able to advise our customers. To achieve this, RBI has developed an ESG rulebook. This defines internal Group-wide guidelines on what transactions would qualify as green or social, which ensures a common understanding of sustainable finance and prevents greenwashing. RBI has set itself the goal of offering its customers best-in-class ESG advisory services while ensuring a high level of quality. The dedicated ESG Advisory Team draws up expert analyses and customer assessments from an ESG standpoint and helps our customers identify the green and social aspects of their business profile. Furthermore, the experts provide competent advice on how to structure new products and services, as well as how to adapt existing products to the specific ESG requirements of customers.

What specific progress did RBI make in digitalization in 2021?

Generally, our customers do not see banking as an end in itself. Accordingly, when we introduce digital innovations, we always have to ask ourselves whether they enhance the customer experience – for example, by improving navigation or speeding up the entire process. Our customers are therefore brought into our innovation processes at a very early stage. The second important point is that we are not constantly reinventing the wheel in the Group. When we develop new digital solutions at head office in Vienna, or at one of our subsidiary banks, then we roll out the solution across as much of our network as possible, while considering local requirements. This is what we call Product as a Service. In recent years, we have made good progress in both areas. In the retail segment alone, we hope to achieve annual cost savings in excess of 100 million euros by 2025, through end-to-end digitalization and expect additional revenues of a similar amount. For our corporate customers, we expanded our services on myRaiffeisen.com to the RBI Group in Central and Eastern Europe. As a result, accounts can now be opened digitally in one harmonized process at all 14 of RBI's banks for international companies. The digital offering on our myRaiffeisen platform has been very well received by our customers. The number of registered users for a growing number of features tripled during the year. Furthermore, the myRaiffeisen components eKYC and eFinance were rolled out in many of our subsidiary banks in 2021. Finally, I would add that we continued to invest in improved security last year. Our new system reliably prevents fraudulent misuse in payments transactions and makes them more secure for customers and for ourselves as a bank. Losses caused by fraudulent cases could be reduced by some 30 per cent through appropriate preventive measures.

How will you allow for shareholders to share in the profit?

For the last financial year, we paid a dividend of 0.48 euros per share. After the ECB lifted its recommendation on distribution restrictions, we paid out a further 0.75 euros per share in November. At the Annual General Meeting, we will propose a dividend of 1.15 euros per share for the 2021 financial year. We want our shareholders to receive an appropriate share of our satisfying profit. But we also see further very good growth opportunities in our markets. To exploit these and further raise the value of our bank, we need to generate capital. Our dividend proposal takes these objectives into account and I am confident that it will be accepted at the Annual General Meeting. I would like to take this opportunity on behalf of the entire Management Board to thank our shareholders for their loyalty.

To conclude, a question on your outlook for 2022. What do you expect from this new financial year?

Currently we are experiencing increased tensions between Russia and Ukraine. In both countries we operate with subsidiaries which exhibit solid risk buffers as well as high profitability. We are of course keeping a close eye on the risks and have for example significantly increased our hedging measures, paying close attention to portfolio steering and to the ability of our subsidiary banks to generally refinance themselves. We have also already built provisions for possible sanction risks, as seen in the 2021 annual financial statements. We continue to monitor current developments very closely and are prepared for possible scenarios. In spite of this, our economists expect for the economic upturn to also continue in 2022 and 2023 – with more moderate but still considerable GDP growth rates. However, we should not disregard the risks from disrupted supply chains and inflation. Overall, we can look ahead to 2022 with confidence. We are a traditional customer bank – if our customers are doing well, we are too. We also expect strong loan growth this year and believe that our core revenues can continue to grow, while our risk costs should be around 40 basis points.

Report of the Supervisory Board

The Report of the Supervisory Board will be published on 3 March 2022.

Raiffeisen at a glance

Raiffeisen Bank International

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

In total, more than 46,000 RBI employees serve 19 million customers from around 1,800 business outlets, the vast majority of which are in CEE. RBI AG shares have been listed on the Vienna Stock Exchange since 2005.

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

RBI's markets

2021	Total assets in € million	Change[1]	Business outlets	Employees
Czech Republic	26,245	42.9%	135	3,739
Hungary	10,389	18.0%	67	2,237
Poland	2,589	(6.6)%	1	247
Slovakia	19,597	24.7%	156	3,471
Central Europe	**58,630**	**29.5%**	**359**	**9,694**
Albania	2,263	17.9%	76	1,225
Bosnia and Herzegovina	2,553	(0.2)%	98	1,266
Bulgaria	5,597	12.1%	131	2,404
Croatia	5,921	11.3%	72	1,745
Kosovo	1,248	7.6%	41	850
Romania	12,092	13.1%	304	4,799
Serbia	3,770	14.3%	83	1,489
Southeastern Europe	**33,396**	**11.7%**	**805**	**13,778**
Belarus	2,066	14.6%	65	1,600
Russia	18,733	18.3%	132	9,327
Ukraine	4,052	31.4%	390	6,645
Eastern Europe	**24,847**	**19.9%**	**587**	**17,572**
Group Corporates & Markets	**61,562**	**6.0%**	**20**	**3,271**
Corporate Center	**32,125**	**(15.6)%**	**–**	**1,870**
Reconciliation/other	(18,459)	–	–	–
Total	**192,101**	**15.8%**	**1,771**	**46,185**

1 Change in total assets compared to 31 December 2020 expressed in local currencies varies due to fluctuations in euro exchange rates.

The Raiffeisen Banking Group Austria (RBG)

The RBG is the country's largest banking group and has the densest branch network in Austria. In financing, it primarily serves small and mid-sized retail, service, industrial and commercial enterprises, as well as the tourism and agriculture sectors. The RBG is organized into three tiers: the independent, local Raiffeisen banks (1st tier), the eight independent regional Raiffeisen banks (2nd tier), and RBI AG (3rd tier).

The 341 Raiffeisen banks and their branches, as well as the regional Raiffeisen banks and specialist companies, together make up a comprehensive and extensive banking network. The Raiffeisen banks are universal banks that provide a full range of banking services and are also the owners of their respective regional Raiffeisen bank.

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

Statutory deposit guarantee and investor protection scheme – Austrian Raiffeisen-Sicherungseinrichtung eGen

Up until 28 November 2021, Raiffeisen Bank International AG and its Austrian bank subsidiaries were part of the Einlagensicherung AUSTRIA Gesellschaft m.b.H. (ESA), as a general protection scheme in Austria.

As of 29 November 2021, Raiffeisen Bank International AG and its Austrian bank subsidiaries, the regional Raiffeisen banks and the local Raiffeisen banks, are part of the Austrian Raiffeisen-Sicherungseinrichtung eGen (ÖRS), as a statutory protection scheme.

The new institutional protection scheme (IPS), Raiffeisen-IPS (see detailed information in next paragraph), was recognized together with ÖRS by the Austrian Financial Market Authority (FMA) in May 2021 as a statutory deposit guarantee and investor protection scheme according to the Austrian Deposit Guarantee and Investor Protection Act (Einlagensicherungs- und Anlegerentschädigungsgesetz – ESAEG). The member institutions completed the switch from ESA to ÖRS following the expiration of the six-month statutory waiting period. RBI AG and its Austrian bank subsidiaries, the regional Raiffeisen banks and the local Raiffeisen banks, entered by agreement dated March 2021 into a new institutional protection scheme (Raiffeisen-IPS) according to Article 113 (7) CRR (Capital Requirements Regulation of the European Union). This commits member institutions to ensure one another's security and in particular, join forces to ensure liquidity and solvency when required. The new Raiffeisen-IPS was recognized by the relevant supervisory authorities (ECB and FMA) in May 2021, as an institutional protection scheme according to Article 113 (7) CRR and its related rights and obligations of the participating member institutions. This allows among other things for receivables to be risk-weighted at zero per cent between Raiffeisen-IPS members. The Raiffeisen-IPS is subject to joint regulatory supervision and capital requirements must also be met on a consolidated basis.

The new Raiffeisen-IPS replaces the former institutional protection schemes at regional and federal level, which were dissolved in June 2021.

ÖRS is mandated to operate the reporting and early risk assessment systems for Raiffeisen-IPS. ÖRS also acts as trustee and manages the liquid assets for Raiffeisen-IPS.

The Raiffeisen-IPS is controlled by a joint risk council, comprising representatives of RBI AG, the regional Raiffeisen banks and the Raiffeisen banks. Tasks that could be solved on a regional level were delegated to the regional risk councils, each comprising representatives of the respective regional Raiffeisen banks and Raiffeisen banks, by the joint risk council.

Raiffeisen Customer Guarantee Scheme Austria (RKÖ)

In view of the change in the legal and regulatory framework and implementation of Institutional Protection Schemes, the RKÖ and its respective member institutions have decided to discontinue the scheme for new transactions. Accordingly, the supplementary protection by RKÖ may only be granted to protected transactions entered before 1 October 2019. The rights of customers with regard to statutory deposit insurance are not affected and remain fully in place.

Liquidity groups

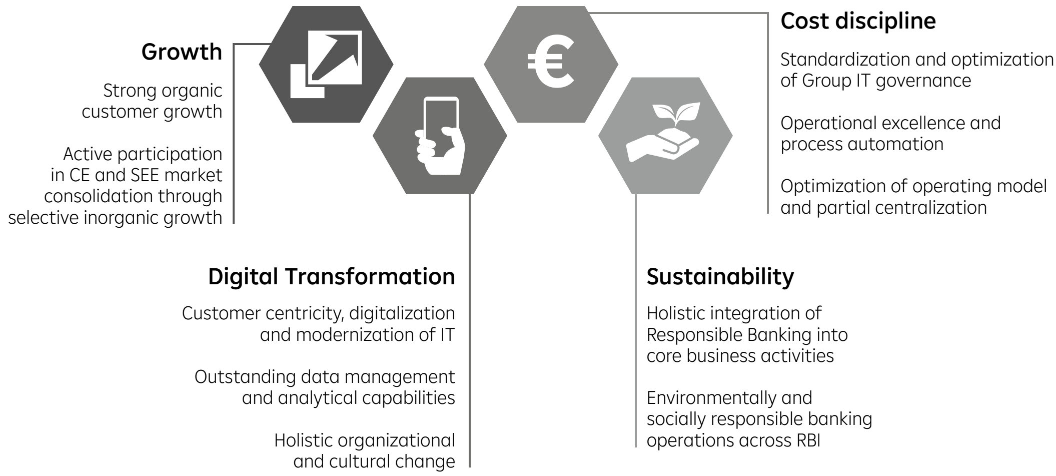
Pursuant to Section 27a of the Austrian Banking Act (Bankwesengesetz - BWG), credit institutions affiliated to a central institution are required to hold a liquidity reserve with that central institution in order to protect financial market stability. There are liquidity groups established at both state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

RBI's strategy

Vision 2025: The most recommended financial services group

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

In response to the profound and rapid developments within the industry and changing customer expectations, RBI defined a new strategic direction in 2019, which was set out in its Vision & Mission 2025. RBI's Vision is based on growth through customer centricity and digital transformation with an aim to be the most recommended financial services group by 2025. This is to be achieved by making customers' lives easier through continuous innovation and a superior customer experience (RBI's Mission). In addition to leveraging RBI's already established competitive strengths (customer focus and long-term relationships, extensive local presence in the CEE region, strong brand, as well as a comprehensive product and service offering across all channels), efforts are being intensified along four strategic pillars:



Growth

Given the good growth opportunities in the CEE region, RBI's preferred growth strategy remains organic customer and revenue growth. In addition, RBI constantly evaluates selective acquisitions in Central and Southeastern Europe, should opportunities arise through the consolidation of the banking and financial sector. In the 2021 financial year, RBI succeeded in strengthening its market position in important core markets by making acquisitions in the Czech Republic and signing an agreement to acquire 100 per cent of Crédit Agricole Srbija. RBI also announced the sale of its subsidiary bank in Bulgaria at the end of November. The sale is consistent with the strategy of concentrating on markets with high growth potential in which RBI has identified opportunities to improve its market position through further growth.

Digital transformation

Ongoing digitalization is changing customer behavior and the demand for digital financial products continues to grow rapidly. In order to best accommodate these changing customer needs, the technical and organizational framework conditions are continually optimized and further developed.

For retail customers and small companies, the focus is on transforming branches and digital customer acquisition. RBI is also increasingly centralizing the development of standard products on a digital basis and making them available to the subsidiary banks in order to be able to respond more swiftly to customer needs with innovative solutions.

For corporate and institutional customers, innovation efforts are focused on digitalizing the product range (e.g. account opening, financing, foreign exchange business, investment products), and improving the customer experience with regard to services (e.g. eKYC, eSignature). The customer focus is to be strengthened by transforming core IT into a modular and scalable architecture, expanding data security and availability, as well as the further development of analytical capabilities through artificial intelligence and advanced analytics.

In addition, establishing an adaptive organizational structure will also lead to immediate improvements for customers. It will enable new methods of working and strengthen innovation through the transformation of the corporate culture and optimization of processes to ensure the ability to more quickly respond to changing customer demands and market developments.

Cost discipline

Cost efficiency constitutes another important aspect of RBI's strategy. It is planned to sustainably improve the cost structure and thus profitability through means of standardization, automation and process optimization, as well as by regularly adapting the business model.

The aforementioned centralization of product development and Group-wide use of products and applications are other core elements for optimizing the cost structure across all customer segments. These efforts focus on product areas such as foreign exchange business, investment products, as well as digital lending solutions for retail customers and also small and medium-sized businesses.

Further cost reduction measures in the retail segment (retail customers and small companies), includes the reduction and adaptation of the existing branch network to match customer demand.

In the corporate customer segment, efforts also focus on streamlining and automating key business processes, particularly the lending process as well as the transportation and administration of physical cash holdings. In the institutional segment, process optimization and automation are also key focus areas for ensuring cost control, transparency and efficiency. In Markets & Investment Banking, the harmonization of the trading and sales architecture in the capital markets segment is also of high strategic importance.

Sustainability

RBI has a clear aim to be a pioneer in its core markets in terms of sustainability and is committed not only to providing sustainable financial services for its customers in Austria and CEE but also to supporting their transition to sustainable business models. In addition to the internal motivation to fully align business operations with this aim, RBI signed the UNEP FI Principles of Responsible Banking in early 2021, thereby underscoring its efforts to proactively participate in meeting the Paris targets and redirecting capital flows toward sustainable activities.

In order to fulfil its ambitions, RBI has chosen a holistic implementation approach for all customer groups with an aim to significant contribute towards RBI's business growth through responsible banking.

A Group-wide ESG competency center was also established for corporate and institutional customers in order to provide advisory services and integrated financing solutions for these two customer segments (e.g. ESG-linked products, sustainable bonds and Schuldschein loans). The integration of ESG aspects into bank products for retail customers and small companies is to be strengthened to accommodate the growing importance of sustainability criterion in purchasing decisions. As a result of the substantial increase in demand for sustainable investment products such as funds, certificates and ESG bonds due to the ESG mega trend, efforts are particularly focused on further developing a broad but targeted product portfolio for retail investors as well as for investors and issuers in the corporate and institutional customer segments.

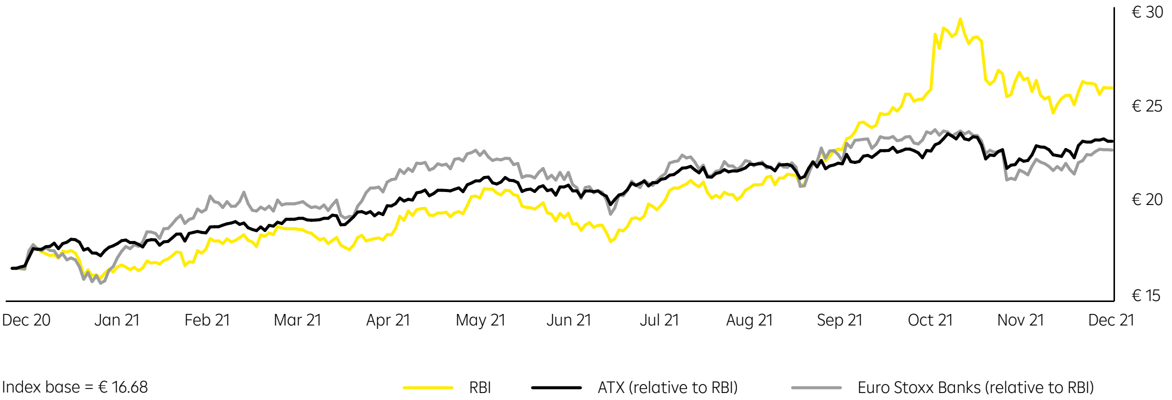
RBI in the capital markets

Performance of RBI stock

Stock markets continued their dynamic upward trend which had begun in the year prior during the reporting period. The reintroduction of lockdown measures and correspondingly subdued economic development over the winter period, however, managed to dash hopes of a swift end to the COVID-19 pandemic. Following the easing of restrictions and progress being made in vaccination programs, economic demand made an obvious return and the stock markets hastily broke record after record over the remainder of the year. This was supported by expansionary monetary policy measures by major central banks and a support package of historic proportions in the US. In contrast, bond markets were repeatedly dominated by fears of rising inflation. This was fuelled by increasing supply bottlenecks for important commodities and semiconductors, which led to production being cutback or even halted despite full order books, for example in the automobile industry. Higher procurement costs alongside increased demand therefore led to price hikes in many sectors. Against this backdrop, the US Federal Reserve (US Fed) announced a tapering of monthly bond purchases and thus an end to its ultra-loose monetary policy, and several central banks in CEE were already making considerable hikes to their key interest rates. This repeatedly left bond investors highly nervous and led to rising yields. Nonethless, US and European stock exchanges ended the year near their historical highs.

RBI shares started the year 2021 with a share price of € 16.68, seeing its high for the year at € 29.40 in November. By year-end 2021, the share price was up 55.2 per cent at € 25.88 compared to year-end 2020, while the Austrian Stock Exchange (ATX) gained 38.9 per cent and the European bank index (Euro Stoxx Banks) was up 36.2 per cent.

Share price development from 1 January 2021 compared to ATX and Euro Stoxx Banks



Capital market communication

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

The aim of RBI's Investor Relations activities is to ensure a high level of transparency for market participants – also during the current situation – through flexible and innovative formats. The normally diverse opportunities to obtain information in personal meetings during roadshows and conferences continued taking place online as web conferences. RBI Management Board members and the Investor Relations team participated in 52 such events over the course of the year. In addition, analysts, as well as equity and debt investors, were offered personal meetings via phone or video conference with the CEO/CRO and Investor Relations.

Recurring central themes for investors and analysts in 2021 included the macroeconomic outlook for CEE and the resulting potential impact on business performance and credit risk. Discussions also frequently covered margins and cost development, dividend distributions, as well as growth prospects, particularly the recent acquisitions.

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

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

Annual General Meetings and dividend proposal

The Annual General Meeting for the 2020 financial year, took place on 22 April 2021. As was also the case last year, the Annual General Meeting was held as a purely virtual event in order to protect the health of all participants. Shareholders took advantage of the opportunity to participate via RBI's web-based AGM portal. All of the proposed resolutions were approved by a large majority. The RBI Management Board proposed dividend of € 0.48 per share, in consideration of the ECB's recommendation, was approved and distributed to investors on 30 April 2021.

Following the removal of the restriction on dividend payments, an Extraordinary General Meeting was held on 10 November 2021. The sole agenda item was the proposed additional dividend payment of € 0.75 per share from the 2020 net profit. This proposed resolution was also approved by a very large majority of shareholders. The dividend was paid out to entitled shareholders on 17 November 2021.

The RBI Management Board will propose a dividend of € 1.15 per share for the 2021 financial year to the Annual General Meeting scheduled for 31 March 2022.

New issues

On 17 June 2021, RBI successfully issued its first subordinated green bond with a volume of € 500 million. This marks RBI's third benchmark green bond. The new issue comes with a 12-year maturity and an issuer call after 7 years, and offers a 1.375 per cent coupon, equivalent to 160 basis points over 7-year mid swap rate. The proceeds from the bond will be used to finance environmentally friendly housing and commercial real estate, green transportation, as well as renewable energy, energy efficiency and water management projects in Central and Eastern Europe.

On 1 September 2021, RBI issued an ordinary senior bond with a volume of € 500 million. The new issue has a 6-year maturity with a 0.05 per cent coupon and was placed at 40 basis points over mid-swap rate. The issuance was met with a lot of interest and was more than twice oversubscribed.

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

RBI Rating

In order to ensure an accurate assessment, RBI maintains regular contact with rating agency analysts and informs them about current developments in its business.

Last year, RBI continued to be rated by Moody's Investors Service and Standard & Poor's. Moody's upgraded the ratings of RBI by one notch each at the end of September. The long-term rating was upgraded to A2 from A3, the rating for subordinated instruments to Baa2 from Baa3, for AT1 instruments to Ba2 (hyb) from Ba3 (hyb), and the short-term rating to P-1 from P-2. The improved credit rating, not only for RBI but also the Austrian Raiffeisen Banking Group (RBG), resulted from the improved financial strength and stability of RBI and further members of the RBG. Credit quality, risk management, capitalization, and funding, is also viewed positively, as well as continuing high profitability in the current market environment.

Rating	Moody's Investors Service	Standard & Poor's
Long-term rating	A2	A-
Outlook	stable	negative
Short-term rating	P-1	A-2
Subordinated (Tier 2)	Baa2	BBB
Additional Tier 1	Ba2(hyb)	BB+

Shareholder structure

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

Stock data and details

Share price (closing) on 31 December 2021	€ 25.88
Share price high/low (closing) in 2021	€ 29.40/€ 16.17
Earnings per share 2021	€ 3.89
Book value per share as at 31 December 2021	€ 39.04
Market capitalization as at 31 December 2021	€ 8.5 billion
Average daily trading volume (single count) 2021	430,206 shares
Free float as at 31 December 2021	approximately 41.2%
ISIN	AT0000606306
Ticker symbols	RBI (Vienna Stock Exchange)
	RBI AV (Bloomberg)
	RBIV.VI (Reuters)
Market segment	Prime Market
Number of shares issued as at 31 December 2021	328,939,621

Financial calendar 2022

03 March 2022	Annual Financial Report 2021
21 March 2022	Record Date Annual General Meeting
31 March 2022	Annual General Meeting
05 April 2022	Ex-Dividend Date
06 April 2022	Record Date Dividends
07 April 2022	Dividend Payment Date
26 April 2022	Start of Quiet Period
04 May 2022	First Quarter Report, Conference Call
25 July 2022	Start of Quiet Period
02 August 2022	Semi-Annual Report, Conference Call
25 October 2022	Start of Quiet Period
03 November 2022	Third Quarter Report, Conference Call

Corporate Governance Report

The Corporate Governance Report will be published on 3 March 2022.

Group management report

figures subject to final Supervisory Board examination

Market development

Significant economic recovery after historic recession

After the vaccination campaigns had gained momentum in the spring of 2021, and COVID-19 infection rates began to decline, the business restrictions, which were tightened again towards the end of 2020, could be eased. This was accompanied by an economic upturn in the summer months. Though, supply bottlenecks weighed heavily on the industrial sector over the course of the year. Inflation rates reached multi-year highs, largely due to increased energy prices and supply chain problems. However, there was a renewed sharp rise in infection rates towards the end of the year. The restrictions subsequently reintroduced in many countries weighed on the economy in the final quarter of the year, albeit probably not to the same extent as in the previous year.

The gross domestic product of the euro area increased by around 5 per cent in 2021. The strong growth was marked by large fluctuations during the year. At the beginning of the year, the economy was in recession. The rebound in the second and third quarters pushed quarter-on-quarter growth rates to above 2 per cent. In the final quarter of the year, however, momentum again slowed significantly. In contrast, the inflation rate showed a steady upward trend. While year-on-year inflation was still minus 0.3 per cent in December 2020, the consumer price index showed an increase of 5 per cent at the end of 2021.

The monetary policy of the European Central Bank (ECB) ensured that money market rates (Euribor) remained closely aligned with the ECB deposit rate of minus 0.5 per cent in 2021. In March, the ECB responded to an unwelcome rise in long-term interest rates by increasing the monthly volume of bond purchases. It reduced the volume again somewhat in the fourth quarter. Towards the end of the year, the previously increased expectations of interest rate hikes declined moderately in light of renewed uncertainty relating to the pandemic. The ECB continued its large-volume asset purchase program, mainly government bonds, consolidating the dampening effects on capital market interest rates in the euro area.

The Austrian economy continued to be affected by restrictions on account of the pandemic in the first quarter of 2021. However, following the lifting of restrictions, a visible economic upturn set in during the second and third quarters that was stronger than in the euro area. In contrast to Germany, the industrial sector supported the economy into the autumn despite supply bottlenecks. However, a new lockdown was imposed at the end of November in response to sharply rising infections, which weighed heavily on the economy in the final quarter. Nevertheless, GDP for the entire 2021 year recorded an increase of just under 5 per cent (2020: decrease 6.7 per cent).

CEE: Pressure on central banks to act due to inflation surge

The CEE region also saw a significant rise in inflation rates in 2021. This reflected not only rising energy prices but also supply chain issues and the accompanying effects of the economic recovery (pent-up consumer demand and high investment). Inflationary pressure was strongest in Central and Eastern Europe, where price increases averaged 4.5 and 7.0 per cent p.a., respectively. In contrast, the average inflation rate in Southeastern Europe was just 4.0 per cent p.a. Price pressures are expected to ease somewhat by the end of 2022, albeit depending more on the global rather than local conditions, including supply bottlenecks and energy prices. A substantial tightening of monetary policy was observed in Central and Eastern Europe over the course of 2021. This was against the backdrop of less well-anchored inflation expectations than in Western countries, traditionally stronger correlations between producer and consumer prices, and the devaluation of local currencies. Particularly strong interest rate hikes by individual central banks (such as in the Czech Republic, Hungary or Russia), placed increased pressure on other central banks in the region - with a comparable environment - to take similar action. Moreover, use of unconventional monetary policy instruments and asset purchases in the CEE region has been limited to immediate crisis situations or already scaled back. Capital market interest rates are therefore not dampened by long-running asset purchases such as in the euro area.

The economies in Central Europe (CE) posted a strong recovery in 2021. As a result, many countries had already returned to pre-pandemic GDP levels by the second half of 2021. The main drivers of the economic upturn proved to be foreign demand, private consumption as well as investment, with fiscal policy also having a supportive effect. However, due to manufacturing making up a large share of their economies, the countries of the CE region were particularly impacted by disruptions in global supply chains. Political disagreements delayed the disbursement of EU funds for Poland and Hungary; however, this is not expected to change the economic outlook for these countries.

With an increase of 6.5 per cent in 2021, the economy in Southeastern Europe (SEE), saw a major rebound from the pandemic-induced slump of the previous year. This was due not least to the recovery of private consumption, which was supported by the resurgence of remittances in many countries (e.g. Albania, Kosovo) and the stronger-than-expected tourist season (e.g. Albania, Croatia). Most countries in the region reached pre-pandemic GDP levels earlier than elsewhere. However, the economic recovery in Bulgaria was comparatively moderate, which is related to the greater impact of the pandemic.

Eastern Europe (EE) recorded only moderate GDP growth in 2021, compared to CE and SEE. However, this should also be seen in context of the less drastic economic slump in 2020. In Belarus, as the effects of the newly imposed sanctions had not yet fully materialized, they did not severely impact the economy in 2021 (GDP increase: 1.7 per cent). In Ukraine, cooperation with the IMF continued to be difficult, but support was ultimately secured through an agreement. Russia's economy was supported by fiscal policy, rising oil and gas prices, strong consumer demand as well as industrial production, while the agricultural sector had a dampening effect.

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

Region/country	2020	2021e	2022f	2023f
Czech Republic	(5.8)	3.3	4.1	3.7
Hungary	(5.2)	6.5	4.5	3.5
Poland	(2.7)	5.7	4.3	4.0
Slovakia	(4.4)	3.0	4.4	6.0
Slovenia	(4.2)	7.1	4.5	3.5
Central Europe	**(3.9)**	**5.1**	**4.3**	**4.0**
Albania	(4.0)	8.8	4.4	4.0
Bosnia and Herzegovina	(3.2)	6.8	3.6	3.5
Bulgaria	(4.2)	4.5	4.0	4.0
Croatia	(8.1)	9.2	4.4	4.1
Kosovo	(5.3)	10.4	4.7	4.0
Romania	(3.7)	6.2	4.7	4.5
Serbia	(0.9)	6.5	4.5	4.0
Southeastern Europe	**(4.0)**	**6.5**	**4.5**	**4.3**
Belarus	(0.9)	1.7	0.5	2.0
Russia	(3.0)	3.9	1.5	1.4
Ukraine	(3.8)	3.0	3.3	3.2
Eastern Europe	**(3.0)**	**3.8**	**1.7**	**1.6**
Austria	**(6.7)**	**4.9**	**4.5**	**2.2**
Euro area	**(6.5)**	**5.2**	**4.0**	**2.5**

Source: Raiffeisen Research, as of beginning of February 2022, (e: estimate, f: forecast); subsequent revisions are possible for years already completed

Banking sector in Austria

Austrian banks' return on assets recovered significantly in 2021, toward the pre-pandemic level of 0.7 per cent. This was the result of a decline in risk costs, an improvement in fee and commission income, and a recovery in the profitability of large CE/SEE subsidiaries. Despite expiring loan repayment moratoriums, credit risks in the banking system remained subdued and the NPL ratio fell to below 1.5 per cent (Austrian loan portfolio). This was supported by brisk lending in a favorable funding environment, including access to the euro system's TLTROs. The volume of both retail and corporate loans reached growth rates of around 5 per cent p.a. during 2021, with raised demand for housing loans and recovery in corporate investment being key drivers. Despite the observed balance sheet growth, regulatory oversight of the banks' capital allocation helped maintain the strong capital position of Austrian banks with a CET1 ratio of 16 per cent.

Development of the banking sector in CEE

In course of the general economic recovery, which aided a decline in risk costs and a normalization of lending, CEE banks had a strong recovery in 2021. Despite the renewed uptick in COVID-19 cases at the end of the year, the EE banks' return on equity was above 20 per cent and reached solid levels of between 10 to 13 per cent in CE/SEE. The revival of personal loans complemented the stable mortgage lending segment, while lending to businesses eventually also gained momentum as the investment cycle picked up steam. Government support measures kept NPL ratios low, though banks' Stage 2 loans still present some degree of unresolved credit risk. In some countries, Stage 2 loans remained particularly high at 15 to 20 per cent (Romania, Slovakia), while fluctuating around 10 per cent in many others. With inflationary pressures mounting, monetary tightening became one of the main issues, particularly in Russia, Ukraine, the Czech Republic, Hungary and Poland. The increase in interest rates has so far proved favorable for the banks' net interest margins, which showed signs of bottoming out in CE/SEE.

Regulatory environment

ECB supervisory priorities for banks under Single Supervisory Mechanism (SSM)

- Credit risk managment: The ECB expected the COVID-19 pandemic and the resulting deterioration of the macroeconomic environment to have a negative impact on banks' asset quality. Noting that support measures, including monetary actions, as well as fiscal, regulatory and supervisory measures, have managed to avert a new financial crisis as intended. The ECB focused its banking supervisory efforts on assessing the adequacy of banks' credit risk management, as well as of their operations, monitoring and reporting.
- Capital strength: Elevated credit risk combined with potential market adjustments may lead to the deterioration of banks' capital ratios. The ECB highlighted the necessity of sound capital planning that is based on capital projections and adaptable to a rapidly changing environment, especially during a crisis situation.
- Business model sustainability: Profitability and banks' business model sustainability remained a key concern. The supervisory authorities placed particular focus on banks' digital transformation processes.
- Governance: The ECB sees strong governance by management bodies as an essential driver in overcoming a crisis. Governance and crisis risk management frameworks were therefore closely monitored. Further focus areas included banks' risk data aggregation capabilities, IT and cyber risk management practices and governance, as well as on controlling risks arising from outsourcing services to third parties, money laundering and the financing of terrorism.

New regulations in 2021

Finalization of Basel III (CRR III / CRD VI)

The CRR III / CRD VI package (Basel IV) transposes the global standards bank capital (Basel III framework) into European law. It is based on the proposals of the Basel Committee for Banking Supervision. The chief focus is on the results of internal models, which had allowed for varying degrees of capital requirements in the past. This (heterogeneity) should no longer be possible.

RBI as a universal bank is affected by the framework in various respects, though sees the regulation as a big opportunity for itself and its customers. Aspects like the expansion of national legislative programs toward a European approach, the continuation of beneficial support for SMEs, or the application of the output floor at the highest level of consolidation, are seen as great opportunities to support its customers. The proposals are being continually evaluated and political discussions closely followed to be able to respond accordingly.

Digital Finance Package initiatives and focus on consumer protection

Following publication of the European Commission's Digital Finance Strategy in September 2020, diverse regulatory initiatives from the strategy were further pursued or launched in 2021. The European Commission put forward proposals on the regulation of Artificial Intelligence (AI) and Digital Identity. Further initiatives by the Commission included a review of the Consumer Credit Directive (CCD) in light of digitalization (Data Governance Act) and holding a consultation on the expected Data Act regulation.

The steady rise of European legislation focusing on digital services and new technologies will impact RBI in the coming years. The initiatives generally aim for an increased harmonization of the respective rules across the EU to achieve a Digital Single Market and simplification of cross-border business in the EU. Furthermore, the regulatory proposals would require/enable changes to existing processes, e.g. for digitally onboarding customers with regard to the EU-wide Digital Identity. RBI closely monitors these developments, is engaged in discussions between policy makers and banking associations and has actively participated in relevant consultations.

Austrian implementation of the Capital Requirements Regulation II as well as the Capital Requirements Directive V and Bank Recovery and Resolution Directive II

The revised Capital Requirements Regulation (EU Regulation 2019/876) and Capital Requirements Directive (EU Directive 2019/878), also known as CRR II and CRD V, included amendments in areas such as Pillar 2 capital requirements and remuneration, leverage ratio, liquidity, market risk, counterparty credit risk, as well as reporting and disclosure requirements. The Bank Recovery and Resolution Directive II (EU Directive 2019/879), also known as BRRD II, includes *inter alia* a new framework for minimum requirements for own funds and eligible liabilities (MREL).

The legislative package for the implementation of CRD V and BRRD II transposed certain European requirements into national law (Austrian Banking Act and Bank Recovery and Resolution Act). Thereby introducing, for example, the additivity of macroprudential buffers or extended rules to calculate MREL requirements.

National macroprudential requirements were adjusted to ensure that economically unwarranted changes to capital requirements were not triggered. Therefore, the implementation of the European framework into national legislation did not lead to increased capital requirements.

Minimum requirements for own funds and eligible liabilities (MREL)

The Single Resolution Board (SRB) published the updated MREL Policy on 26 May 2021. The multiple-point-of-entry (MPE) approach, which RBI employs as its resolution strategy, requires that each resolution entity can be resolved independently without causing shortfalls in other resolution groups.

The Single Resolution Mechanism Regulation II (SRMR II) introduced the concept of the Maximum Distributable Amount related to MREL (M-MDA), which will be applicable from 1 January 2022. M-MDA allows the SRB to set restrictions on dividend distributions for banks. M-MDA has many similarities to the former MDA regime of Article 141 CRD, albeit is subject to the discretionary decision of the resolution authority.

The MREL planning is an integral part of the budgeting process for RBI and its subsidiary banks in the EU. MREL levels are closely monitored. RBI and several of its bank subsidiaries in the EU, made issuances in order to fulfill their respective MREL requirements (binding interim targets from 1 January 2022). It is worth highlighting that RBI covered a significant portion of its MREL requirements in 2021 through the issuance of green bonds.

Significant events in the reporting period

Re-contracting of ING's retail customers in the Czech Republic

In February 2021, RBI's Czech subsidiary bank, Raiffeisenbank a.s. (RBCZ), signed a referral agreement with ING Bank N.V. (ING) for the re-contracting of ING's Czech retail customers, which occurred in the second quarter following approval by the Czech Office for Protection of the Competition.

Acquisition and integration of Equa

The acquisition of 100 per cent of the shares of Equa (Equa bank a.s. and Equa Sales & Distribution s.r.o.) from AnaCap (AnaCap Financial Partners), through RBI's Czech subsidiary bank, Raiffeisenbank a.s., was closed on 1 July 2021. The consolidation of Equa into the balance sheet of RBI therefore occurred in the third quarter and had a negative impact of around 30 basis points on RBI's CET1 ratio.

Equa contributed € 33 million towards RBI's net interest income in the 2021 financial year. At the same time, this added € 40 million in general administrative expenses and € 15 million in impairment losses on financial assets (mostly Stage 1). The customer loans of Equa totaled € 2,107 million.

Equa bank a.s. was merged into Raiffeisenbank a.s., RBI's Czech subsidiary bank, on 1 January 2022.

Agreement on the acquisition of Crédit Agricole Srbija

On 5 August 2021, RBI announced that its Serbian subsidiary bank, Raiffeisen banka a.d., had signed an agreement to acquire 100 per cent of the shares of Crédit Agricole Srbija (Crédit Agricole Srbija a.d. Novi Sad and Crédit Agricole Leasing Srbija d.o.o.) from Crédit Agricole S.A. The closing of the transaction is subject to inter alia obtaining regulatory approvals.

The acquisition of Crédit Agricole Srbija is expected to have a negative impact of approximately 16 basis points on RBI's CET1 ratio. The final impact is dependent on the completion accounts at closing, which is expected by the end of the first quarter of 2022.

Crédit Agricole Srbija serves around 356,000 customers. The bank has a leading position in agricultural-business financing (over 20 per cent market share) and thus complements the business profile of Raiffeisen banka a.d. very well. At the end of the second quarter of 2021, Crédit Agricole Srbija had total assets of € 1.3 billion, while Raiffeisen banka a.d. reported total assets of € 3.4 billion.

Following the successful closing of the transaction, it is planned to merge Crédit Agricole Srbija with Raiffeisen banka a.d.

Agreement reached on the sale of Raiffeisenbank (Bulgaria) EAD

In November 2021, the Management Board of RBI resolved to sell the Bulgarian subsidiary bank and its participation to KBC Bank, a fully owned subsidiary of the Belgian KBC Group NV. The primary motivation for the decision was the possibility to reallocate capital in order to seize attractive growth opportunities and gain scale in RBI's key markets. This operation is disclosed separately in the balance sheet under other assets as a disposal group classified as held for sale. The sale proceeds should be significantly higher than the carrying amount of the net assets and so no impairment was recognized from the classification of the operation as a disposal group held for sale.

Additional dividend for 2020 of € 0.75 per share

Following the ECB decision not to extend its recommendation on the restriction of dividends, the Extraordinary General Meeting on 10 November 2021 approved the distribution of an additional dividend of €0.75 per share for the 2020 financial year. This led to a positive impact of 9 basis points on RBI's CET1 ratio. Thus for the 2020 financial year, a total of € 1.23 per share in dividends was distributed.

Earnings and financial performance

Consolidated profit increased a substantial 71 per cent to € 1,372 million. After the pandemic-driven recession in the previous year, the financial year 2021 was certainly a year of economic recovery. Net interest income was up 7 per cent, notably benefiting from the high level of customer loan growth (up 11 per cent, or 15 per cent without consideration of IFRS 5), as well as rising interest rates in several countries across Central and Eastern Europe. The net fee and commission income, with an increase of 18 per cent to € 1,985 million, had reached an all time high. The increase in consolidated profit was also due to significantly lower loan loss provisions, which at € 295 million were 51 per cent down on the previous year's period. In addition to M&A activities, the rise in general administrative expenses was also due to digitalization initiatives in implementation of RBI's Vision to become the most recommended financial services group by 2025. Key projects include the development of a digital retail banking platform, the further development of the myRaiffeisen platform in Corporates, and the rollout of innovative trading solutions in Markets. The other result was impacted by the allocation of credit-linked and portfolio-based provisions for litigation, mainly in Poland.

Since the beginning of the year, supported by the economic upturn, total assets rose € 26,142 million or 16 per cent. From the second quarter particularly, almost all markets showed significant growth in demand for loans, which only starting to lose some momentum in the fourth quarter as the economy weakened again. Sustainable financing continued to grow in importance in this respect. In the reporting period, sustainable financing totaling € 4,335 million was granted.

In contrast to the beginning of the year, when the income statement was still being impacted by the low interest rate environment and the COVID-19 pandemic, both the interest rate environment and currency developments significantly recovered from the second quarter onwards. Nevertheless, the average exchange rates of the Russian ruble and Ukrainian hryvnia were both 5 per cent, the Belarusian ruble 7 per cent, and the US dollar 3 per cent, below the respective level of the previous year.

Comparison of results with the previous year

in € million	2021	2020[1]		Change
Net interest income	3,327	3,121	207	6.6%
Dividend income	42	21	21	104.2%
Current income from investments in associates	46	41	5	12.5%
Net fee and commission income	1,985	1,684	300	17.8%
Net trading income and fair value result	53	91	(38)	(41.8)%
Net gains/losses from hedge accounting	(2)	(1)	(2)	247.3%
Other net operating income	120	117	3	2.7%
Operating income	**5,570**	**5,073**	**497**	**9.8%**
Staff expenses	(1,579)	(1,521)	(58)	3.8%
Other administrative expenses	(992)	(927)	(65)	7.0%
Depreciation	(407)	(384)	(23)	6.0%
General administrative expenses	**(2,978)**	**(2,832)**	**(146)**	**5.2%**
Operating result	**2,592**	**2,241**	**351**	**15.7%**
Other result	(295)	(204)	(91)	44.9%
Governmental measures and compulsory contributions	(213)	(257)	44	(17.1)%
Impairment losses on financial assets	(295)	(598)	303	(50.7)%
Profit/loss before tax	**1,790**	**1,183**	**607**	**51.3%**
Income taxes	(368)	(321)	(47)	14.7%
Profit/loss after tax from continuing operations	**1,422**	**862**	**560**	**65.0%**
Gains/losses from discontinued operations	86	48	38	79.9%
Profit/loss after tax	**1,508**	**910**	**598**	**65.7%**
Profit attributable to non-controlling interests	(135)	(106)	(29)	27.9%
Consolidated profit/loss	**1,372**	**804**	**569**	**70.7%**

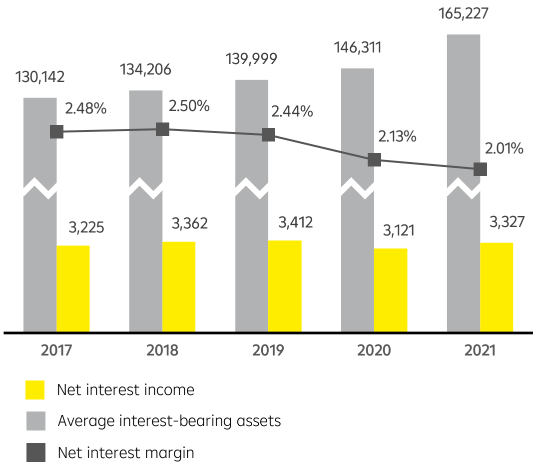
1 Previous-year figures adapted due to changed allocation (IFRS 5 discontinued operations as well as further adjustments in order to increase transparency). Further information can be found in the notes, chapter principles underlying the consolidated financial statements under changes to the income statement.

Operating income

Net interest income was up € 207 million to € 3,327 million. This development was mainly facilitated by rising interest rates of several Eastern European currencies and strong loan growth with only slight negative currency effects. The largest increase, of € 104 million, was recorded at head office, primarily due to € 50 million in COVID-19 bonus claims under the TLTRO III program, strong loan growth and lower financing costs from the deposit business and own issues. There was also a particularly strong increase in net interest income in the Czech Republic, where interest rate rises and the integration of Equa bank led to a € 54 million increase in net interest income. Net interest income in Hungary was up € 40 million, supported by positive developments in both the corporate and retail customer business, as well as higher market interest rates. In Ukraine, higher income from both the corporate and retail customer business, as well as lower interest expenses due to changes in the product mix and maturity split, also resulted in an increase in net interest income of € 18 million. In Slovakia, net interest income increased € 8 million, mainly due to the COVID-19 bonus claims under the TLTRO III program.

Net interest margin

in € million



Previous year's figures (2020) adapted due to changed allocation (IFRS 5)

The average interest-bearing assets for the Group rose 13 per cent year-on-year, mainly due to increases in short-term investments of excess liquidity. The net interest margin narrowed by 12 basis points to 2.01 per cent.

The rise in net fee and commission income was due to increased transactions by both retail and corporate customers in clearing, settlement and payment services – especially in payment services and credit card business – as well as in the foreign exchange business, mainly through forward foreign exchange contracts. Net fee income from asset management also rose, with the strongest increase – due to higher retail customer volumes – at Raiffeisen Kapitalanlage-Gesellschaft. Despite currency devaluations in Eastern Europe, net fee and commission income increased € 300 million to € 1,985 million. The largest increase was recorded at head office, with further increases on a currency-adjusted basis in Russia, Romania, Hungary and the Czech Republic.

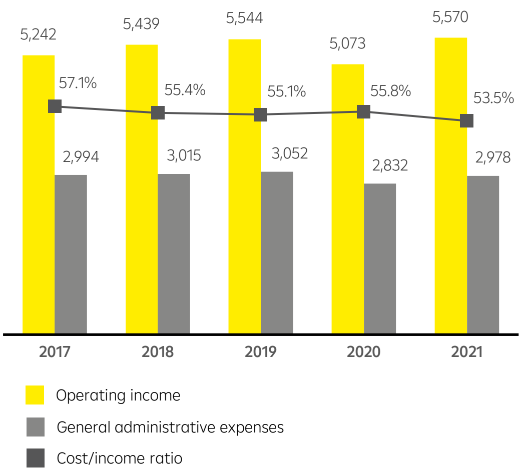
Net trading income and fair value result was down € 38 million to € 53 million. The decrease was mainly due to interest rate-related valuation losses on government bonds and from foreign exchange business in Russia, in the amount of € 57 million. There were also valuation losses at head office on foreign exchange derivatives and foreign currency exposures, which were partly offset by interest rate-related valuation gains on own issues measured at fair value.

General administrative expenses

General administrative expenses were up 5 per cent year-on-year, or € 146 million, to € 2,978 million despite currency devaluations. Despite this increase, significantly higher core revenues led to an improvement in the cost/income ratio from 55.8 per cent to 53.5 per cent. Currency movements in the reporting period led to a € 37 million reduction, primarily as a result of the 7 per cent depreciation of the Belarusian ruble, and 5 per cent depreciation of both the Russian ruble and Ukrainian hryvnia (based on the average rate for the period). Staff expenses rose € 58 million to € 1,579 million, mainly due to increases in the Czech Republic, Russia, at head office, and in Hungary. The increase at head office mainly resulted from higher current salary payments. In the Czech Republic from the integration of Equa bank, and in Russia from higher salaries and social security costs and staff-related taxes, and in Hungary from the lower staff expenses in the previous year's period due to short-time work schemes relating to the pandemic. Other administrative expenses increased € 65 million to € 992 million. This increase was mainly driven, besides higher advertising expenses (up € 28 million) primarily in Russia, by higher legal, advisory and consulting expenses (up € 26 million) at head office, in Poland and the Czech Republic. These expenses primarily related to consulting services relating to M&A activities and legal fees in connection with the Swiss franc loan portfolio in Poland. There were further increases in IT expenses (up € 24 million), mainly at head office due to higher expenses for external IT consulting services and in the Czech Republic due to several integration projects. RBI has invested heavily in digitalization for the implementation of its Vision to become the most

Cost/income ratio

in € million



Previous years' figures adapted due to changed allocation (transparency) and IFRS 5 (2020) recommended financial services group by 2025. Alongside numerous Group-wide digital solutions, this includes the development of a digital retail banking platform, the further development of the myRaiffeisen platform and of cash management and clearing, settlement and payment services systems in Corporates, and the rollout of innovative trading solutions in Markets. Further expenses were incurred for the introduction of cloud solutions, for process automation and for investing in a central security operations center. Currency effects in Eastern Europe reduced expenses. Depreciation and amortization of tangible and intangible fixed assets increased 6 per cent, or € 23 million, to € 407 million, mainly due to the recognition of software assets at head office and the integration of Equa bank in the Czech Republic.

The number of business outlets fell by 86 year-on-year to 1,771. The largest declines were in Romania (down 33), Belarus (down 14) and Slovakia (down 11). The average headcount decreased by 438 full-time equivalents year-on-year to 45,907, primarily in the Ukraine (down 525) due to branch closures in the previous year, and in Slovakia (down 185), Romania (down 179) and Bulgaria (down 128). Conversely, the integration of Equa bank resulted in an increase of 488.

Other result

The other result amounted to minus € 295 million in the reporting period, compared to minus € 204 million in the comparable period. The result was impacted by the allocation of credit-linked and portfolio-based provisions for litigation in the amount of € 326 million (up € 266 million) in Poland, Croatia and Romania. In Poland, provisions in connection with mortgage loans denominated in or indexed to a foreign currency were allocated in the amount of € 278 million (up € 235 million) as the result of changes in the parameters of the model calculation. Conversely, good business performance and rising stock market prices of listed equity investments resulted in reversals of impairment losses on investments in associates valued at equity in the reporting period in the amount of € 66 million (UNIQA Insurance Group AG and LEIPNIK-LUNDENBURGER INVEST Beteiligungs AG). In the previous year's period, impairment losses of € 68 million were recognized on associates valued at equity due to the deteriorating economic outlook caused by the pandemic. In the previous year's period, a goodwill impairment of € 27 million relating to Raiffeisen Kapitalanlage-Gesellschaft was also recognized to reflect the revised medium-term plan due to the pandemic, and impairment losses on non-financial assets in the amount of € 20 million were recognized, mainly relating to real estate in Russia and Slovakia. Net modification losses of € 40 million were incurred in the previous year's period due to the introduction of loan repayment moratoriums; these losses amounted to € 14 million in the reporting period. The bulk of the moratoriums expired in the reporting period.

Governmental measures and compulsory contributions

Expenses from governmental measures and compulsory contributions decreased € 44 million to € 213 million. Bank levies declined € 64 million to € 39 million. This reduction mainly related to the discontinuation of the special bank levy in Austria (previous year's period: € 41 million), which was introduced in 2016 and totaled € 163 million, booked in four tranches from 2017 to 2020. In addition, the bank levy was abolished in Slovakia (previous year's period: € 26 million). Deposit insurance fees increased € 12 million – mainly in Russia, in Slovakia, and at Raiffeisen Bausparkasse Österreich Gesellschaft m.b.H. – to € 99 million.

Impairment losses on financial assets

The improved economic environment in the 2021 financial year was reflected in the significant decline in risk costs. Impairment losses on financial assets totaling € 295 million were recognized in the reporting period, compared to € 598 million in impairment losses in the previous year's period due to the substantial impact of the COVID-19 pandemic. The calculation of expected credit losses includes overlays (post-model adjustments and additional risk factors) totaling € 51 million in the reporting period (€ 62 million in net allocations of provisions relating to non-financial corporations and € 11 million in net releases of provisions relating to households), compared to mainly COVID-19-related post-model adjustments of € 282 million in the previous year's period (€ 236 million relating to non-financial corporations and € 46 million relating to households). In addition, impairment losses of € 28 million were recognized as a result of EU sanctions on Belarus, € 25 million due to geopolitical uncertainties in Ukraine, and € 20 million for the credit portfolio for potentially sanctioned Russian customers.

In Stage 1 and Stage 2, net impairments of € 102 million were recognized in the reporting period (previous year's period: € 315 million), including a net € 98 million relating to loans to non-financial corporations, mainly in Austria (€ 34 million), Ukraine (€ 27 million), Belarus (€ 20 million) and Romania (€ 10 million). For defaulted loans (Stage 3), net impairments of € 180 million were recognized in the reporting period (previous year's period: net € 302 million). Of this, € 123 million related to households, primarily in Russia (€ 52 million), Romania (€ 16 million), Bosnia and Herzegovina (€ 13 million) and Slovakia (€ 12 million), while € 43 million related to non-financial corporations, mainly in Austria (€ 24 million) and Russia (€ 12 million).

The NPE ratio was down 0.3 percentage points to 1.6 per cent due to higher lending volumes and an increase in deposits at central banks. The NPE coverage ratio rose by 1.0 percentage points to 62.5 per cent.

Income taxes

Income taxes increased € 47 million to € 368 million, whereas the tax rate fell 6.6 percentage points to 20.6 per cent. This was mainly due to an improved earnings contribution from head office and valuations of investments in associates valued at equity.

Comparison of results with the previous quarter

Quarterly results

in € million	Q4/2020[1]	Q1/2021[1]	Q2/2021[1]	Q3/2021[1]	Q4/2021
Net interest income	735	736	773	843	976
Dividend income	3	5	25	4	7
Current income from investments in associates	(3)	16	6	12	12
Net fee and commission income	452	420	483	521	561
Net trading income and fair value result	(3)	4	28	(4)	24
Net gains/losses from hedge accounting	(8)	6	(7)	(3)	1
Other net operating income	24	28	26	29	36
Operating income	**1,201**	**1,215**	**1,335**	**1,402**	**1,618**
Staff expenses	(380)	(370)	(383)	(401)	(425)
Other administrative expenses	(269)	(208)	(237)	(234)	(313)
Depreciation	(107)	(94)	(95)	(101)	(118)
General administrative expenses	**(756)**	**(672)**	**(714)**	**(736)**	**(856)**
Operating result	**446**	**543**	**620**	**666**	**763**
Other result	6	(38)	(37)	(46)	(175)
Governmental measures and compulsory contributions	(28)	(123)	(31)	(26)	(32)
Impairment losses on financial assets	(135)	(76)	(24)	(44)	(150)
Profit/loss before tax	**289**	**306**	**528**	**550**	**406**
Income taxes	(82)	(77)	(116)	(98)	(77)
Profit/loss after tax from continuing operations	**207**	**229**	**412**	**452**	**329**
Gains/losses from discontinued operations	23	14	19	29	24
Profit/loss after tax	**230**	**243**	**430**	**481**	**353**
Profit attributable to non-controlling interests	(25)	(28)	(34)	(38)	(36)
Consolidated profit/loss	**205**	**216**	**396**	**443**	**317**

1 Adaptation of prior quarters' figures due to changed allocation (IFRS 5 discontinued operations) and Q4/2020 adaptation (further adjustments in order to increase transparency). Further information can be found in the notes, chapter principles underlying the consolidated financial statements under changes to the income statement.

Development of fourth quarter of 2021 compared to third quarter of 2021

Net interest income was up € 132 million to € 976 million. The increase of € 52 million at head office and of € 23 million in Slovakia were mainly due to COVID-19 bonus claims under the TLTRO III program. Rising interest rates and strong performance in both the corporate and retail customer business led to an increase in net interest income in the Czech Republic (up € 23 million), Russia (up € 16 million), and Hungary (up € 11 million).

The net interest margin improved by 24 basis points to 2.22 per cent in the fourth quarter due to rising net interest income in numerous countries in the Group.

Net fee and commission income increased 8 per cent, or € 41 million, to € 561 million. This was mainly driven by higher income in the custody business at head office and by early repayments in the lending business in Russia. Foreign exchange business, particularly forward foreign exchange contracts in Russia, and the loan and guarantee business at head office, in the Czech Republic, Slovakia and Russia, also recorded volume-related increases.

The net trading income and fair value result increased € 28 million. The increase partly resulted from positive valuation effects from loans measured at fair value at head office. In addition, Raiffeisen Centrobank AG recorded positive valuation effects in the certificates business in the fourth quarter.

General administrative expenses increased € 119 million quarter-on-quarter to € 856 million. Staff expenses rose € 24 million to € 425 million, while other administrative expenses rose € 79 million to € 313 million and depreciation increased € 16 million to € 118 million. The main drivers of the increase in staff expenses were a higher headcount in Russia (up € 15 million) and the integration of Equa bank in the Czech Republic (up € 7 million). The increase in other administrative expenses primarily occurred in Russia (up € 46 million) due to higher advertising expenses, IT expenses, and legal and consulting expenses, and at head office (up € 21 million) due to increased external consulting services. Other administrative expenses also increased in Romania (up € 7 million) mainly due to higher advertising expenses and in Ukraine (up € 6 million).

The decline in the other result was mainly attributable to higher allocations to credit-linked and portfolio-based provisions for litigation (up € 100 million), predominantly in Poland. Furthermore, the valuation of shares in associates valued at equity resulted in an impairment loss of € 8 million in the fourth quarter, following a reversal of impairment losses of € 8 million in the previous quarter.

Impairment losses on financial assets increased € 106 million compared to the previous quarter, with increases in almost all countries. In the fourth quarter, in particular, impairment losses totaling € 25 million were recognized due to the geopolitical uncertainties in Ukraine, and € 20 million for the credit portfolio for potentially sanctioned Russian customers.

Statement of financial position

Since the beginning of the year, total assets rose € 26,142 million, or 16 per cent. Currency movements were attributable for 2 per cent of the increase, especially the US dollar appreciating 8 per cent and the Russian ruble appreciating 7 per cent. In the 2021 financial year, there was a significant upward trend in demand for loans – supported by the economic upturn –in almost all markets, especially from the second quarter onward. This trend lost some momentum in the fourth quarter as the economy began to weaken. The strategy of expanding market share in selected markets was successfully continued in the financial year through both acquisitions and organic growth.

RBI strives to offer its customers sustainable financial products and services as part of its sustainability strategy. Sustainable financing is increasingly in demand and harbors considerable growth potential. Sustainable financing totaling € 4,335 million were extended in the reporting period and now account for around 8 per cent of the credit portfolio of corporate customers and project finance. Two years ago, RBI launched a green bond program and is the largest Austrian provider of green bonds. A subordinated green bond, RBI's third green benchmark issue following bond issues in 2018 and 2019, was issued in June 2021 with a volume of € 500 million.

Assets

in € million	2021	2020	Change		Q3/2021	Q2/2021	Q1/2021
Loans to banks	16,630	11,952	4,678	39.1%	16,678	15,983	13,644
Loans to customers	100,832	90,671	10,161	11.2%	100,659	94,052	91,861
hereof non-financial corporations	50,156	44,951	5,205	11.6%	49,358	46,830	46,202
hereof households	38,078	34,367	3,711	10.8%	38,638	35,998	34,783
Securities	22,902	22,162	741	3.3%	22,901	23,155	23,015
Cash and other assets	51,736	41,174	10,562	25.7%	50,371	48,510	47,632
Total	**192,101**	**165,959**	**26,142**	**15.8%**	**190,610**	**181,700**	**176,152**

In 2021, the assets of Raiffeisenbank (Bulgaria) EAD and Raiffeisen Leasing Bulgaria EOOD are shown under cash and other assets, while in 2020 and in the 2021 quarterly reports, they are shown under the respective line items.

The increase in loans to banks mainly occurred in the Czech Republic (up € 3,863 million) due to a higher volume of repurchase agreements as well as in Hungary and Russia, largely attributable to short-term investments at the National Bank.

The growth in loans to customers is primarily driven by lending to non-financial corporations (corporate customers), both in the long-term credit business and in short-term loans, and to households (retail customers), mainly for mortgage and personal loans. The largest increases in customer loans occurred in the Czech Republic (up € 3,575 million), including € 2,509 million for retail customers (mainly mortgage loans), and at head office (up € 2,901 million), which mainly related to lending to corporate customers (up € 2,408 million), especially in the long-term credit business. There were also significant increases in Russia, Slovakia and Ukraine. Market shares of retail and corporate customers were expanded through the acquisition of Equa bank (customers loans totaling € 2,107 million) and organic growth in the Czech Republic, and in Slovakia primarily through organic growth. Due to the planned sale of the Bulgarian subsidiary bank and its participation, loans to customers in the amount of € 3,659 million were reclassified to other assets (IFRS 5) as of year-end 2021.

The increase in securities came primarily from investments in debt securities (up € 598 million net) at head office (in particular government and bank bonds) and in Romania, mainly in government bonds.

The significant increase in cash (up € 4,897 million) was attributable to the investment of liquidity – primarily deposits at national banks – in Slovakia, at head office and in Hungary. Other assets include non-current assets and disposal groups classified as held for sale totaling € 5,531 million, primarily due to the planned sale of Bulgarian subsidiary bank and its participation.

Equity and liabilities

in € million	2021	2020	Change		Q3/2021	Q2/2021	Q1/2021
Deposits from banks	34,607	29,121	5,487	18.8%	39,143	36,730	37,242
Deposits from customers	115,153	102,112	13,041	12.8%	114,651	108,808	104,211
hereof non-financial corporations	44,523	39,663	4,860	12.3%	42,808	41,164	41,174
hereof households	56,690	50,047	6,643	13.3%	58,353	55,184	52,007
Debt securities issued and other liabilities	26,865	20,438	6,427	31.4%	21,384	21,269	20,124
Equity	15,475	14,288	1,187	8.3%	15,432	14,892	14,576
Total	**192,101**	**165,959**	**26,142**	**15.8%**	**190,610**	**181,700**	**176,152**

In 2021, the liabilities of Raiffeisenbank (Bulgaria) EAD and Raiffeisen Leasing Bulgaria EOOD are shown under debt securities issued and other liabilities, while in 2020 and in the 2021 quarterly reports, they are shown under the respective line items.

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

The increase in deposits from customers was mainly attributable to short-term deposits. The largest gains in deposits were reported in the Czech Republic (up € 6,892 million, including € 5,197 million from retail customers), Russia (up € 2,439 million), Hungary (up € 1,227 million), Slovakia (up € 1,208 million), and Romania (up € 1,076 million). Of the increase in the Czech Republic, € 2,594 million came from the integration of Equa bank and € 2,071 million from the acquisition of an ING portfolio. Due to the planned sale of the Bulgarian subsidiary bank and its participation, customer deposits in the amount of € 4,544 million were reclassified to other liabilities (IFRS 5) as of year-end 2021.

The € 1,141 million increase in debt securities came primarily from MREL bond issues in the Czech Republic, Romania and Slovakia. Other liabilities include € 4,829 million from liabilities held for sale in the disposal groups due to the planned sale of the Bulgarian subsidiary bank and its participation.

For information relating to funding, please refer to note (54) Liquidity management in the risk report section of the consolidated financial statements.

Equity on the statement of financial position

Equity including capital attributable to non-controlling interests rose € 1,187 million from the start of the year to € 15,475 million.

In April 2021, the Annual General Meeting approved a dividend payment of € 0.48 per share for 2020. An additional dividend of € 0.75 per share was approved at an Extraordinary General Meeting in November 2021. This amounted to a total dividend distribution of € 404 million. A dividend of € 92 million was distributed for additional tier 1 capital (AT1).

Total comprehensive income increased € 1,555 million to € 1,658 million and comprised profit after tax of € 1,508 million and other comprehensive income of € 150 million. Currency movements had a positive impact of € 284 million, following a negative impact of € 1,007 million in the previous year. The 7 per cent appreciation of the Russian ruble led to a positive contribution of € 135 million, the 5 per cent appreciation of the Czech koruna contributed € 107 million and the 11 per cent appreciation of the Ukrainian hryvnia resulted in income of € 52 million. This was partly offset by a valuation loss of € 64 million from the hedge of net investments, primarily in Russian rubles.

Capital attributable to non-controlling interests rose € 190 million. This was primarily due to the proportion of total comprehensive income attributable to non-controlling interests of € 164 million and a capital increase of € 49 million in the Czech Republic. Dividend payments, in contrast, reduced the amount by € 39 million – mainly in Ukraine and Slovakia.

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

Common equity tier 1 (CET1) after deductions amounted to € 11,812 million, representing an increase of € 1,051 million compared to the 2020 year-end figure. The main driver of the increase was the higher profit for 2021. A dividend of € 1.15 per share was deducted for the 2021 financial year. Tier 1 capital after deductions increased € 971 million to € 13,460 million. The increase was mainly due to the increase in CET1. Tier 2 capital rose € 246 million to € 2,347 million. The increase was driven by the issuance of a Tier 2 bond in June 2021, offset by regulatory amortization of outstanding issues. Total capital amounted to € 15,807 million, representing an increase of € 1,217 million compared to the 2020 year-end figure.

Total risk-weighted assets (RWA) increased € 11,063 million year-on-year to € 89,927 million. The major reason for the organic growth was new loan business. Inorganic growth was driven by both rating downgrades in the lending business as well as by increases in operational risk, largely attributable to the rise in internal and external loss data in the Advanced Measurement Approach (AMA model).

This resulted in a (fully loaded) CET1 ratio of 13.1 per cent (down 0.5 percentage points), a tier 1 ratio of 15.0 per cent (down 0.8 percentage points) and a total capital ratio of 17.6 per cent (down 0.8 percentage points). The consolidation of Equa had a negative effect of around 30 basis points on CET1.

Research and development

Digitalization

A central theme for banks in the advancement of digitalization is the growing relevance of mobile banking. While the penetration (rate of active mobile banking use) was at 44 per cent for RBI in 2020, it had reached 53 per cent by year-end 2021 (though this figure varies greatly between markets). The acceptance of online loans has remained high: In 2020, 48 per cent of loans were granted through digital channels and in 2021 this had increased slightly to 49 per cent.

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

Furthermore, plans to develop more products and individual product components centrally and to make these available to all of the Group's banks started to be implemented. RBI also expects lower costs as a result of this initiative. Aside from the cost benefit, this should lead to a substantial reduction in the time required for the full digitalization of the five most important products across the entire Group (current accounts, credit cards, consumer loans, as well as current accounts and loans for SMEs).

Digitalization is a key issue for corporate and institutional customers as well. Since the end of 2019, RBI has digitalized a series of products and services on the myRaiffeisen platform. This includes a digital KYC process (eKYC) for companies and institutional customers, digital account opening (eAccount Opening), digital export finance (eSpeedtrack), as well as further services such as eFinance, eGateway, eArchive, and the digital payment questionnaire for correspondent banking clients (ePIC).

In 2021, eAccount opening was the first product to go live across the whole Group, which is an important milestone in achieving a harmonized digital offering and experience across the entire region for RBI's corporate and institutional clients. The latest figures in regards to usage demonstrate a broad acceptance and appreciation for RBIs digital offering – around 53 per cent of new accounts at RBI in Austria were initiated digitally in 2021 (2020: 39 per cent), and 56 per cent of new customers were verified using the fully digitalized eKYC process (versus 42 per cent in 2020). Launched in the middle of 2021, ePIC has already been well adopted and was utilized in around 54 per cent of the payment questionnaires.

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

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

The ICS should ensure effective and continuously improving internal controls for accounting. The control system is designed to comply with all relevant guidelines and regulations and to optimize conditions for specific control measures in order to prevent any unintentional misstatements.

Control environment

The Group has an internal control system pertaining to financial reporting, which includes directives and instructions on key issues as a central element. This includes:

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

The senior management of each Group unit is responsible for implementing the Group-wide instructions. Compliance with Group rules is monitored by Group Financial Reporting & Steering as well as through audits by Group and local auditors.

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

Risk assessment

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

Control measures

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

The COVID-19 pandemic and associated lockdowns and partial physical absence (home office) had no impact on the internal control system.

Consolidation

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

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

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

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

The consolidated financial statements and management report are reviewed by the Audit Committee of the Supervisory Board and are also presented to the full Supervisory Board for its information.

Information and communication

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

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

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

Monitoring

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

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

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

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

Capital, share, voting, and control rights

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

(1) As at 31 December 2021, the company's share capital amounted to € 1,003,265,844.05 and was divided into 328,939,621 voting common bearer shares. As at 31 December 2021, 322,204 (31 December 2020: 322,204) of those were own shares, and consequently 328,617,417 shares were outstanding at the reporting date. Please see note (32) Equity for further disclosures.

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

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

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

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

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

(7) Pursuant to § 169 of the Austrian Stock Corporation Act (AktG), the Management Board has been authorized since the Annual General Meeting of 13 June 2019 to increase the share capital with the approval of the Supervisory Board – in one or more tranches – by up to € 501,632,920.50 through the issuance of up to 164,469,810 new voting common bearer shares in exchange for contributions in cash and/or in kind (including by way of the right of indirect subscription by a bank pursuant to § 153 (6) of the AktG) by 2 August 2024 at the latest and to fix the offering price and terms of the issue with the approval of the Supervisory Board. The Management Board is further authorized to exclude shareholders' subscription rights with the approval of the Supervisory Board (i) if the capital increase is carried out in exchange for contributions in kind, or (ii) if the capital increase is carried out in exchange for contributions in cash and the shares issued under the exclusion of subscription rights do not exceed 10 per cent of the company's share capital (exclusion of subscription rights). The (i) utilization of authorized capital with exclusion of the statutory subscription right in the event of a capital increase in return for a contribution in cash, and the (ii) implementation of the conditional capital resolved upon in the Annual General Meeting on 20 October 2020 in order to grant conversion or subscription rights to convertible bond creditors may not exceed 10 per cent in total of the share capital of the

company. The utilization of the authorized capital in the form of a capital increase in return for a contribution in kind is not covered by this restriction.

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

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

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

There have been no convertible bonds issued to date.

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

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

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

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

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

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

Risk management

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

Corporate Governance

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

Consolidated non-financial report

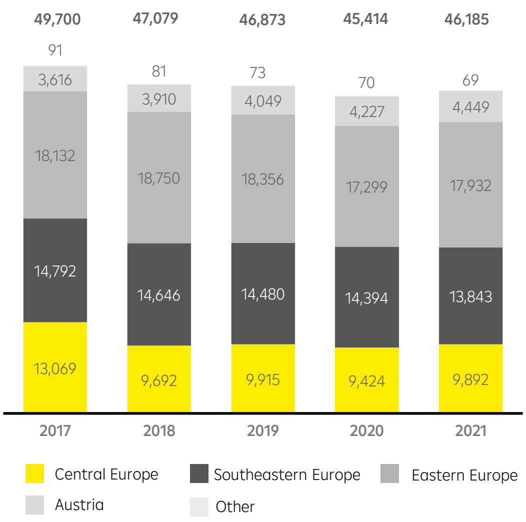
Pursuant to the Sustainability and Diversity Improvement Act (NaDiVeG), the consolidated non-financial statement, which has to be prepared in accordance with § 267a of the Austrian Commercial Code (UGB), is issued as an independent non-financial report (Sustainability Report). The report containing detailed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

Human Resources

The Group People & Organisational Innovation division (P&OI) combines the areas of Human Resources and Strategy Development. P&OI plays a central role in the implementation of RBI's strategy and corporate goals.

On the one hand, the focus is on the efficient execution of personnel processes such as data administration, contract preparation or recruitment, and on the other, the division is responsible for personnel development, career management, as well as professional education and training. Of particular note here would be the GO-IT Academy, which ensures the ongoing further development of IT skills across the Group. In October 2021, the payroll accounting unit was relocated from P&OI to the Finance division due to the proximity of the operational activities to parts of those of Finance, such as claims for travel expenses. Significant operational synergies are expected from the integration of these areas.

Number of staff by region



The handling of the ongoing COVID-19 pandemic was also a core issue in 2021. The already established options for mobile and hybrid working were further developed and defined, and the legal provisions relating to working from home (home office), were implemented by means of an appropriate directive. This directive defines the framework conditions for working from home as well as the financial and technical support available for employees working in home office. The issue of working from home from abroad was of particular importance to RBI as an international company. RBI was one of the first companies in Vienna to offer individual home office solutions for cross-border commuters from 2021. On the whole, 2021 has shown that significant progress could be made in the management of uncertainties arising from the pandemic. As a result of this experience and the knowledge gained, RBI will be able to respond in a very flexible manner to new changes in future.

Personnel development

As at 31 December 2021, RBI had 46,185 employees (full-time equivalents), which was 771 more than at the end of 2020. The largest increases occurred in the Czech Republic due to the integration of Equa bank and in Russia.

Outlook

Economic outlook

The restrictions that were reintroduced in several countries towards the end of 2021, in order to curb infection rates, turned out to be less stringent and more temporary than those in the winter of the previous year. The interplay between lockdowns and the easing of measures should not have the same economic impact in 2022, as was seen in 2020 and 2021, even if renewed restrictions in the winter of 2022/2023 cannot be ruled out. The supply bottlenecks impacting the industrial sector are expected to ease over the course of 2022. Monthly inflation rates are expected to have already peaked or to do so at the beginning of 2022, so long as the geopolitical risks in Eastern Europe do not materialize. In this case, inflation rates are expected to fall over the course of 2022, though to remain at levels that are sometimes noticeably higher than in prior years. In the event of a possible military escalation of the conflict between Russia and Ukraine, the imposition of sanctions poses the greatest short-term risk to the economy and inflation. In a worst-case scenario, extensive (financial) sanctions being imposed on Russia without a transition period, a global systemic impact on financial and commodity markets is to be expected with tangible effects in the euro area, in particular, and more so in Central and Eastern Europe. The non-delivery or curtailing of oil and gas deliveries from Russia could be difficult to compensate for in the short term. Resulting production losses and reductions in growth from yet another significant hike in price increases for energy products and/or industrial metals could bring Europe at least close to a stagflation scenario. Disruptions in the supply of important industrial metals would further exacerbate the global industrial supply chain problems. The impact on individual European countries will depend on the scope of their bilateral trade relations with Russia, especially the level of their dependence on Russian energy imports.

Central Europe

The economies of the Central Europe (CE) region are expected to continue expanding dynamically again in 2022. Among other things, strong wage growth is expected to support a further significant increase in private consumption. However, the tightening of monetary policy and the impact of inflation on private consumption harbor downside risks. The region as a whole is expected to see GDP growth of 4.3 per cent in 2022, with Hungary and Slovenia leading the way (in each case 4.5 per cent) and the Czech Republic bringing up the rear (4.1 per cent). The outcome of the Hungarian elections could overshadow the partnership with the EU in the coming years and further increase tensions. The vaccination cover in the region is at a lower level than in Western Europe and so pandemic risks are considered somewhat greater, even with a certain reluctance to impose restrictions. The economic impact of extensive (financial) sanctions would be more pronounced in CE than in the euro area due to its closer trade ties with Russia as well as greater reliance on Russian energy imports.

Southeastern Europe

The economic recovery in the Southeastern Europe (SEE) region is expected to continue at a solid pace in 2022. Key factors are private consumption, which should receive support from overseas remittances as well as from pent-up demand due to the pandemic. Investment (*inter alia* NGEU) is also expected to play a key role. The highest growth in 2022 is expected in Romania and Kosovo, both at 4.7 per cent. Vaccination coverage rates are again lower than in the CE region, resulting in higher pandemic risks, though governments have so far shown very little willingness to take restrictive measures. The economic impact of extensive (financial) sanctions would be more pronounced in SEE than in the euro area due to its closer trade ties with Russia as well as greater reliance on Russian energy imports.

Eastern Europe

Significantly lower GDP growth is forecasted for the Eastern Europe (EE) region in 2022, than the year prior, assuming the absence of an increase or escalation of geopolitical tensions, and partly reflects the lesser impact of the pandemic but also monetary policy measures in the region. In Russia, the slowdown in economic growth is also attributed to the substantial reduction in fiscal support. In Belarus, the sanctions imposed by the EU and the US are expected to have a greater impact on the economy in 2022 than in 2021. In Ukraine, on the other hand, growth is expected to accelerate due to the inflow of external funds from the IMF and the EU. Nevertheless, geopolitical tensions and potential losses from the Nord Stream 2 project pose risks to the Ukrainian economy. In view of the current potential escalation of the conflict between Russia and Ukraine, the effects on the economic outlook and financial system may be manifold and would largely depend on the future development of the conflict and scale of sanctions which could be imposed in such a risk scenario. Furthermore, the escalation of the conflict has the potential to pull Ukraine into a deep recession, while the Russian economy (despite being more resistant than in 2014 and certain relief provided by probable oil price increases in connection with exports possibly being redirected) would probably also fall into recession in face of extensive sanctions.

Austria

The back-and-forth between lockdowns and the easing of restrictions should no longer be an economic determinant in Austria from the second quarter. It is therefore assumed that economic trends will be less volatile in 2022, than was the case in the two years prior. Nevertheless, economic momentum is likely to remain above average. Considerable momentum is expected from the continuing decline in the savings rate, the good situation in the labor market, wage increases, as well as from private consumption. The encouraging investment trend is also expected to continue. GDP is expected to grow 4.5 per cent in 2022, though a military escalation of the conflict between Russia and Ukraine poses a downside risk to the economy.

Banking sector in Austria

The profitability of Austrian banks could weaken as government support measures expire amid the still persistent pressure from the low interest rate environment. Corporate lending could slow as corporate liquidity needs are declining, and banks are beginning to tighten their lending standards. In contrast, persistently favorable lending conditions should ensure continued strong demand for mortgage loans from private households, which may trigger action by regulators. The outlook for risk costs continues to be weighed down by the large inventory of Stage 2 loans (around 25 per cent for corporations). On a positive note, the solid capital position of Austrian banks provides an additional buffer, even for in the event of a stress scenario. The potential increase of pressures from sanctions on Russia bears risks to the profitability of Austrian banks through indirect economic effects, however also as a result of the profit contributions from CE/SEE subsidiaries (38 per cent of consolidated profit of Austrian banks in the first half of 2021). The Austrian banking sector belongs to the three EU banking sectors with the most ties to Russia.

CEE banking sector

Despite pandemic risks, the overall outlook for CEE banks in 2022 is positive, so long as there is no escalation of the sanctions against Russia issue. Although some moderation in bank profitability is warranted (slowdown in economic recovery, reduction in policy incentives), the trend towards normalization of economic activity should continue to support the banks' lending and transaction revenues. Higher interest rates are also positive for net interest margins in CE/SEE. At the same time, the expiration of loan repayment moratoriums could lead to insolvencies among borrowers, which would put moderate pressure on NPE ratios and risk costs. On a positive note, the capitalization ratios of banks in the region remain solid and the liquidity situation comfortable. Credit and economic cycles are expected to become more aligned in the medium term. Nevertheless, selected EU countries are expected to receive additional support for lending growth from the Next Generation EU program (especially Romania, Croatia, and Bulgaria). The potential escalation of the Russia-Ukraine conflict bears risk of new substantial sanctions against Russia, which – if imposed – could have a strong impact on both the Russian economy (directly) and on the broader CEE banking market (indirectly through economic developments). This therefore poses a downside risk to the performance of the CEE banking market in 2022. The Russian banking market remains the third largest banking market for Western banks in CEE (after Poland and the Czech Republic, and before Slovakia and Romania).

Outlook for RBI

2022 Guidance

In 2022, net interest income is expected to increase by high single digit per cent and net fee and commission income by mid-single per cent. We expect loan growth in the range of 7 to 9 per cent.

We expect general administrative expenses to grow in the high single digit percentage area plus an additional approx. € 100 million integration cost for acquisitions in the Czech Republic (Equa bank) and Serbia (Crédit Agricole Srbija).
The cost/income ratio is expected to be around 55 per cent excluding the one-off integration costs.

The provisioning ratio for 2022 is expected to be around 40 basis points.

Consolidated return on equity is expected to be above our 11 per cent medium-term target, reflecting the gain on the sale of the subsidiary bank in Bulgaria.

We expect a CET1 ratio of around 13 per cent by year end 2022.

Potential geopolitical risks, especially in Eastern Europe, are not included in this guidance.

Mid-term targets

We are committed to a cost/income ratio of around 55 per cent and aim to improve further in the medium term.

We target 11 per cent consolidated return on equity in the medium term.

We confirm our CET1 ratio target of around 13 per cent.

Based on the CET1 ratio target, we intend to distribute between 20 and 50 per cent of consolidated profit.

Segment and country analysis

Segment reporting at RBI is based on the current organizational structure pursuant to IFRS 8. A cash generating unit within the Group is a country. For further information on segmentation, please refer to the chapter segment reporting in the consolidated financial statements as well as the RBI website (www.rbinternational.com → Investors → Reports).

Central Europe

in € million	2021	2020[1]	Change	Q4/2021	Q3/2021	Change
Net interest income	886	787	12.6%	283	227	25.0%
Dividend income	11	5	133.2%	2	0	415.4%
Current income from investments in associates	5	3	58.7%	1	0	–
Net fee and commission income	477	410	16.3%	129	121	7.0%
Net trading income and fair value result	19	19	1.0%	8	7	15.6%
Net gains/losses from hedge accounting	5	0	>500.0%	5	1	>500.0%
Other net operating income	32	49	(33.5)%	9	12	(27.5)%
Operating income	**1,435**	**1,272**	**12.8%**	**438**	**367**	**19.1%**
General administrative expenses	(785)	(714)	9.9%	(227)	(210)	8.1%
Operating result	**649**	**558**	**16.4%**	**211**	**158**	**33.8%**
Other result	(284)	(62)	360.7%	(136)	(39)	250.2%
Governmental measures and compulsory contributions	(54)	(71)	(23.8)%	(3)	(2)	33.6%
Impairment losses on financial assets	(71)	(177)	(60.0)%	(54)	(18)	199.5%
Profit/loss before tax	**241**	**249**	**(3.1)%**	**18**	**99**	**(81.7)%**
Income taxes	(104)	(68)	51.4%	(34)	(23)	46.1%
Profit/loss after tax	**137**	**180**	**(23.8)%**	**(16)**	**76**	**–**
Return on equity before tax	6.8%	7.4%	(0.6) PP	2.1%	11.1%	(9.1) PP
Return on equity after tax	3.9%	5.4%	(1.5) PP	–	8.5%	–
Net interest margin (average interest-bearing assets)	1.70%	1.87%	(0.16) PP	2.01%	1.67%	0.34 PP
Cost/income ratio	54.8%	56.2%	(1.4) PP	51.8%	57.1%	(5.3) PP

1 Previous-year figures adapted due to changed allocation (adjustments in order to increase transparency). Further information can be found in the notes, chapter principles underlying the consolidated statements under changes to the income statement.

The main reason for the year-on-year decline in profit after tax was the negative development of the other result in Poland, where credit-linked and portfolio-based provisions for litigation had a negative impact of € 278 million (up € 235 million) on the other result. In contrast, net interest income rose € 99 million due mainly to higher income in the Czech Republic (up € 54 million as a result of interest rate increases and the integration of Equa bank) and Hungary (up € 40 million, reflecting higher market interest rates and the positive trend in both corporate and retail customer business). Net fee and commission income was up € 67 million, driven by higher income mainly in foreign exchange business and from clearing, settlement and payment services in the Czech Republic, Slovakia and Hungary. Other net operating income was down largely as a result of the release of a provision for litigation in Slovakia in the comparable period of the previous year (€ 18 million). General administrative expenses were up € 71 million, primarily in the Czech Republic (up € 54 million) due to the integration of Equa bank (€ 34 million). In addition, legal and advisory costs increased in Poland and the Czech Republic, while IT expenses were up above all in the Czech Republic. The decline in governmental measures and compulsory contributions was due to the abolition of the bank levy in Slovakia in July of the previous year. The decrease in risk costs (down € 106 million) in all countries was attributable to improved economic conditions and rating improvements.

in € million	Poland 2021	Poland 2020[1]	Slovakia 2021	Slovakia 2020[1]
Net interest income	13	16	300	292
Dividend income	0	0	0	0
Current income from investments in associates	0	0	5	3
Net fee and commission income	2	3	171	148
Net trading income and fair value result	2	1	6	15
Net gains/losses from hedge accounting	0	0	0	0
Other net operating income	(2)	(2)	1	20
Operating income	**14**	**18**	**482**	**478**
General administrative expenses	(30)	(21)	(228)	(230)
Operating result	**(15)**	**(3)**	**254**	**248**
Other result	(278)	(44)	(3)	(8)
Governmental measures and compulsory contributions	(5)	(5)	(10)	(31)
Impairment losses on financial assets	(12)	(14)	(27)	(66)
Profit/loss before tax	**(311)**	**(66)**	**213**	**144**
Income taxes	0	(1)	(47)	(34)
Profit/loss after tax	**(311)**	**(67)**	**165**	**110**

1 Previous-year figures adapted due to changed allocation (adjustments in order to increase transparency). Further information can be found in the notes, chapter principles underlying the consolidated statements under changes to the income statement.

in € million	Czech Republic 2021	Czech Republic 2020[1]	Hungary 2021	Hungary 2020[1]
Net interest income	385	330	189	149
Dividend income	5	3	7	2
Net fee and commission income	146	121	158	139
Net trading income and fair value result	13	(6)	(2)	8
Net gains/losses from hedge accounting	0	0	5	0
Other net operating income	24	20	6	5
Operating income	**573**	**468**	**362**	**303**
General administrative expenses	(320)	(265)	(207)	(197)
Operating result	**253**	**202**	**154**	**106**
Other result	2	(1)	(4)	(9)
Governmental measures and compulsory contributions	(16)	(14)	(22)	(20)
Impairment losses on financial assets	(16)	(75)	(16)	(23)
Profit/loss before tax	**224**	**112**	**112**	**53**
Income taxes	(45)	(21)	(11)	(12)
Profit/loss after tax	**179**	**91**	**101**	**41**

1 Previous-year figures adapted due to changed allocation (adjustments in order to increase transparency). Further information can be found in the notes, chapter principles underlying the consolidated statements under changes to the income statement.

Southeastern Europe

in € million	2021	2020[1]	Change	Q4/2021	Q3/2021[2]	Change
Net interest income	731	735	(0.6)%	190	183	3.7%
Dividend income	4	1	199.3%	0	1	(99.8)%
Net fee and commission income	388	327	18.7%	105	106	(0.8)%
Net trading income and fair value result	20	36	(44.2)%	2	5	(55.7)%
Net gains/losses from hedge accounting	0	0	320.8%	0	0	(25.1)%
Other net operating income	8	0	–	(1)	0	–
Operating income	**1,152**	**1,100**	**4.7%**	**296**	**295**	**0.2%**
General administrative expenses	(584)	(599)	(2.5)%	(161)	(140)	15.2%
Operating result	**568**	**501**	**13.3%**	**135**	**155**	**(13.3)%**
Other result	(57)	(25)	129.5%	(27)	(15)	79.9%
Governmental measures and compulsory contributions	(33)	(36)	(8.5)%	(5)	(5)	0.2%
Impairment losses on financial assets	(33)	(147)	(77.4)%	(16)	5	–
Profit/loss before tax	**445**	**294**	**51.5%**	**87**	**141**	**(38.2)%**
Income taxes	(73)	(50)	46.2%	(18)	(20)	(8.8)%
Profit/loss after tax from continuing operations	**372**	**244**	**52.6%**	**69**	**121**	**(43.0)%**
Gains/losses from discontinued operations	70	30	135.4%	18	25	(28.4)%
Profit/loss after tax	**442**	**273**	**61.6%**	**87**	**146**	**(40.5)%**
Return on equity before tax	13.2%	8.9%	4.4 PP	10.3%	16.2%	(5.8) PP
Return on equity after tax	13.2%	8.3%	4.9 PP	10.3%	16.8%	(6.5) PP
Net interest margin (average interest-bearing assets)	3.07%	3.43%	(0.36) PP	3.04%	3.03%	0.01 PP
Cost/income ratio	50.7%	54.4%	(3.8) PP	54.5%	47.4%	7.1 PP

1 Previous-year figures adapted due to changed allocation (IFRS 5 discontinued operations as well as further adjustments in order to increase transparency). Further information can be found in the notes, chapter principles underlying the consolidated statements under changes to the income statement.
2 Adaptation of prior quarter's figures (IFRS 5 discontinued operations).

The increase of € 128 million in profit after tax from continuing operations reflected the steep decline in risk costs combined with better economic conditions and rating improvements. At € 33 million, the risk costs were € 114 million lower than in the comparable period of the previous year, mainly as a result of developments in Romania, Croatia, Bosnia and Herzegovina, and Albania. The operating result also improved - driven mainly by the 19 per cent, or € 61 million, increase in net fee and commission income, in particular as a result of increased transactions in clearing, settlement and payment services and foreign exchange business - following COVID-19-related restrictions in the comparable prior-year period. General administrative expenses decreased primarily in Romania, especially due to lower staff expenses as a result of the decline in the number of staff following network optimization and various other administrative expenses. In contrast, the other result was impacted by higher allocations to credit-linked and portfolio-based provisions for litigation (up € 31 million) in Romania and Croatia.

The decision to sell the Bulgarian subsidiary bank and its participation was made in the reporting period. Under IFRS 5, discontinued operations are to be reported under the line item profit/loss from discontinuing operations, this amounted to € 70 million in the financial year.

in € million	Albania 2021	Albania 2020[1]	Bosnia and Herzegovina 2021	Bosnia and Herzegovina 2020[1]	Kosovo 2021	Kosovo 2020[1]	Croatia 2021	Croatia 2020[1]
Net interest income	55	53	60	63	48	47	110	115
Dividend income	2	0	1	1	0	0	0	0
Net fee and commission income	16	12	49	40	14	9	76	61
Net trading income and fair value result	2	5	2	2	0	0	4	3
Other net operating income	(1)	0	1	2	2	2	2	2
Operating income	**75**	**69**	**113**	**108**	**65**	**58**	**194**	**181**
General administrative expenses	(40)	(39)	(54)	(55)	(31)	(30)	(107)	(111)
Operating result	**35**	**30**	**59**	**54**	**34**	**28**	**86**	**69**
Other result	(1)	(1)	(7)	0	0	0	(21)	(13)
Governmental measures and compulsory contributions	(6)	(5)	(5)	(5)	(2)	(1)	(3)	(9)
Impairment losses on financial assets	6	(10)	(8)	(25)	(3)	(7)	(1)	(27)
Profit/loss before tax	**34**	**15**	**39**	**24**	**29**	**19**	**61**	**21**
Income taxes	(5)	(2)	(4)	(2)	(3)	(2)	(11)	(7)
Profit/loss after tax	**29**	**12**	**35**	**21**	**26**	**17**	**50**	**14**

1 Previous-year figures adapted due to changed allocation (adjustments in order to increase transparency). Further information can be found in the notes, chapter principles underlying the consolidated statements under changes to the income statement.

in € million	Romania 2021	Romania 2020[1]	Serbia 2021	Serbia 2020[1]	Bulgaria - discontinued operation 2021	Bulgaria - discontinued operation 2020[1]
Net interest income	370	372	86	85	119	114
Dividend income	0	0	0	0	2	2
Net fee and commission income	177	156	56	48	60	50
Net trading income and fair value result	7	20	5	7	3	3
Other net operating income	(4)	(12)	7	6	2	1
Operating income	**550**	**538**	**155**	**146**	**186**	**169**
General administrative expenses	(276)	(293)	(75)	(71)	(91)	(89)
Operating result	**274**	**245**	**80**	**75**	**95**	**81**
Other result	(28)	(9)	0	(2)	0	(1)
Governmental measures and compulsory contributions	(10)	(9)	(8)	(7)	(6)	(15)
Impairment losses on financial assets	(22)	(65)	(5)	(12)	(10)	(31)
Profit/loss before tax	**214**	**161**	**68**	**53**	**78**	**33**
Income taxes	(41)	(30)	(8)	(6)	(8)	(3)
Profit/loss after tax	**173**	**131**	**59**	**48**	**70**	**30**

1 Previous-year figures adapted due to changed allocation (adjustments in order to increase transparency). Further information can be found in the notes, chapter principles underlying the consolidated statements under changes to the income statement.

Eastern Europe

in € million	2021	2020[1]	Change	Q4/2021	Q3/2021	Change
Net interest income	1,080	1,060	1.9%	308	284	8.7%
Dividend income	1	2	(45.9)%	0	0	>500.0%
Current income from investments in associates	2	0	–	0	0	1.8%
Net fee and commission income	573	519	10.5%	182	150	21.5%
Net trading income and fair value result	(5)	56	–	(3)	2	–
Net gains/losses from hedge accounting	(1)	(1)	(40.9)%	(1)	(2)	(50.6)%
Other net operating income	(15)	(3)	417.5%	0	(7)	–
Operating income	**1,636**	**1,632**	**0.2%**	**487**	**427**	**14.0%**
General administrative expenses	(664)	(615)	7.9%	(223)	(153)	45.7%
Operating result	**972**	**1,017**	**(4.4)%**	**264**	**274**	**(3.7)%**
Other result	3	(25)	–	10	(1)	–
Governmental measures and compulsory contributions	(50)	(42)	18.1%	(14)	(14)	4.5%
Impairment losses on financial assets	(119)	(138)	(13.6)%	(55)	(16)	249.8%
Profit/loss before tax	**805**	**811**	**(0.7)%**	**205**	**243**	**(15.8)%**
Income taxes	(161)	(172)	(6.1)%	(28)	(51)	(44.5)%
Profit/loss after tax	**644**	**639**	**0.7%**	**177**	**192**	**(8.2)%**
Return on equity before tax	34.2%	30.5%	3.7 PP	34.8%	38.4%	(3.6) PP
Return on equity after tax	27.3%	24.0%	3.3 PP	30.0%	30.4%	(0.4) PP
Net interest margin (average interest-bearing assets)	5.23%	5.33%	(0.10) PP	5.53%	5.42%	0.11 PP
Cost/income ratio	40.6%	37.7%	2.9 PP	45.8%	35.9%	10.0 PP

1 Previous-year figures adapted due to changed allocation (adjustments in order to increase transparency). Further information can be found in the notes, chapter principles underlying the consolidated statements under changes to the income statement.

As in the previous year, profit after tax was affected by currency volatility (the Belarusian ruble depreciated by 7 per cent year-on-year, while the Russian ruble and Ukrainian hryvnia both fell 5 per cent). In Ukraine, higher income from corporate and retail customer business, as well as lower interest expenses due to changes in the product mix and maturity split, resulted in an increase of € 18 million in net interest income. Net fee and commission income also increased in Russia as a result of higher volumes, mainly in customer resources distributed but not managed and foreign exchange business, primarily in forward foreign exchange contracts. The net trading income and fair value result declined due to valuation effects relating to derivatives and debt securities, mostly in Russia. General administrative expenses were up as a result of higher advertising and IT expenses in Russia and Ukraine, as well as increases in salaries and social security costs and staff-related taxes. In the same period of the previous year, impairments on non-financial assets - mainly relating to real estate in Russia - totaling € 15 million were also recognized, the valuation thereof led to a reversal of € 12 million in the reporting period. Risks costs were down € 19 million due to improved economic conditions. In contrast, Belarus posted impairment losses of € 28 million as a result of EU sanctions. In addition, provisions of € 25 million were recognized to reflect geopolitical uncertainties in Ukraine and € 13 million for sanctions (credit portfolio for potentially sanctioned customers) in Russia.

	Belarus		Russia		Ukraine	
in € million	2021	2020[1]	2021	2020[1]	2021	2020[1]
Net interest income	82	83	744	741	254	236
Dividend income	0	0	0	2	1	0
Current income from investments in associates	0	0	2	0	0	0
Net fee and commission income	62	57	420	374	91	88
Net trading income and fair value result	8	11	(27)	30	14	15
Net gains/losses from hedge accounting	0	0	(1)	(1)	0	0
Other net operating income	2	(1)	(7)	(4)	(10)	2
Operating income	**155**	**150**	**1,131**	**1,141**	**350**	**341**
General administrative expenses	(63)	(64)	(435)	(402)	(166)	(149)
Operating result	**92**	**86**	**696**	**739**	**184**	**192**
Other result	0	(1)	5	(16)	(3)	(8)
Governmental measures and compulsory contributions	(3)	(4)	(39)	(32)	(8)	(7)
Impairment losses on financial assets	(25)	(15)	(72)	(110)	(23)	(14)
Profit/loss before tax	**64**	**66**	**591**	**581**	**150**	**163**
Income taxes	(16)	(19)	(117)	(122)	(28)	(30)
Profit/loss after tax	**49**	**47**	**474**	**459**	**122**	**133**

1 Previous-year figures adapted due to changed allocation (adjustments in order to increase transparency). Further information can be found in the notes, chapter principles underlying the consolidated statements under changes to the income statement.

Group Corporates & Markets

in € million	2021	2020[1]	Change	Q4/2021	Q3/2021	Change
Net interest income	607	582	4.2%	181	143	26.4%
Dividend income	5	8	(39.5)%	2	1	90.9%
Current income from investments in associates	4	2	129.3%	2	0	–
Net fee and commission income	536	417	28.4%	145	139	4.3%
Net trading income and fair value result	60	93	(35.0)%	17	0	–
Net gains/losses from hedge accounting	(1)	3	–	(1)	0	153.6%
Other net operating income	131	113	16.1%	39	28	40.9%
Operating income	**1,343**	**1,219**	**10.2%**	**385**	**310**	**24.0%**
General administrative expenses	(703)	(678)	3.7%	(193)	(172)	12.5%
Operating result	**640**	**541**	**18.3%**	**192**	**139**	**38.3%**
Other result	(5)	(8)	(38.4)%	(7)	1	–
Governmental measures and compulsory contributions	(41)	(35)	16.5%	(10)	(6)	58.9%
Impairment losses on financial assets	(79)	(134)	(41.4)%	(31)	(15)	108.0%
Profit/loss before tax	**516**	**365**	**41.6%**	**145**	**119**	**21.8%**
Income taxes	(110)	(76)	44.0%	(29)	(21)	42.0%
Profit/loss after tax	**406**	**288**	**41.0%**	**115**	**98**	**17.5%**
Return on equity before tax	14.4%	10.8%	3.7 PP	16.2%	15.2%	1.0 PP
Return on equity after tax	11.4%	8.5%	2.8 PP	12.9%	12.5%	0.4 PP
Net interest margin (average interest-bearing assets)	1.10%	1.07%	0.02 PP	1.26%	1.03%	0.23 PP
Cost/income ratio	52.3%	55.6%	(3.3) PP	50.2%	55.3%	(5.2) PP

1 Previous-year figures adapted due to changed allocation (adjustments in order to increase transparency). Further information can be found in the notes, chapter principles underlying the consolidated statements under changes to the income statement.

The year-on-year increase in profit after tax was mainly due to the € 124 million rise in operating income and the € 56 million decline in risk costs. The main driver of the improvement in operating income was a significant increase in net fee and commission income. This rise in income was predominantly generated in loan and guarantee business, clearing, settlement and payment services, investment banking at head office, as well as from higher income from investment fund management at Raiffeisen Kapitalanlage-Gesellschaft. The increase in net interest income mainly resulted from loan growth and COVID-19 bonus claims under the ECB's TLTRO III program. The decline in risk costs mainly reflected lower Stage 2 und Stage 3 loan loss provisions year-on-year at head office.

Corporate Center

in € million	2021	2020[1]	Change	Q4/2021	Q3/2021	Change
Net interest income	(10)	(77)	(87.2)%	11	(4)	–
Dividend income	1,000	650	54.0%	358	35	>500.0%
Current income from investments in associates	35	36	(2.7)%	8	12	(27.1)%
Net fee and commission income	22	20	8.9%	1	9	(83.3)%
Net trading income and fair value result	(32)	(78)	(58.9)%	(3)	(13)	(79.7)%
Net gains/losses from hedge accounting	(2)	4	–	(1)	1	–
Other net operating income	137	113	21.1%	54	35	55.4%
Operating income	**1,151**	**668**	**72.2%**	**429**	**75**	**474.9%**
General administrative expenses	(405)	(371)	9.1%	(113)	(98)	15.9%
Operating result	**746**	**297**	**151.0%**	**316**	**(23)**	**–**
Other result	67	(101)	–	4	8	(51.7)%
Governmental measures and compulsory contributions	(35)	(72)	(51.6)%	0	1	–
Impairment losses on financial assets	6	(2)	–	7	0	–
Profit/loss before tax	**784**	**122**	**>500.0%**	**326**	**(15)**	**–**
Income taxes	75	36	109.8%	32	18	80.1%
Profit/loss after tax	**859**	**157**	**446.1%**	**359**	**3**	**>500.0%**

1 Previous-year figures adapted due to changed allocation (adjustments in order to increase transparency). Further information can be found in the notes, chapter principles underlying the consolidated statements under changes to the income statement.

The year-on-year increase in profit after tax was driven primarily by a € 351 million rise in intra-Group dividend income. The other result improved due to reversals of impairment on investments in associates valued at equity totaling € 66 million, following an impairment on investments in associates valued at equity of € 74 million and a € 27 million goodwill impairment relating to Raiffeisen Kapitalanlage-Gesellschaft were recognized in the previous year. The reduction in expenses for governmental measures and compulsory contributions was largely due to the final payment of the special bank levy in Austria in the previous year (€ 41 million).

Consolidated financial statements

figures subject to final Supervisory Board examination

Company

Raiffeisen Bank International AG (RBI AG) is registered in the commercial register of the Commercial Court of Vienna under FN 122119m. Its address is Am Stadtpark 9, 1030 Vienna.

RBI regards Austria, where it is a leading corporate and investment bank, as well as Central and Eastern Europe (CEE) as its home market. 13 markets in the region are covered by subsidiary banks, the Group also comprises numerous other financial services providers, for instance in the field of leasing, asset management, factoring and M&A. RBI not only offers Austrian and international companies a broad range of products in corporate and investment banking, but also a comprehensive coverage in CEE. Through an extensive branch network, local companies of all sizes as well as private customers are supplied with high-quality financial products. RBI maintains representative offices and service branches in selected Asian and Western European locations to support its business activities. In total, RBI's more as 46,000 employees serve 19 million clients at around 1,800 business outlets located mostly in CEE.

Since the company's shares are traded on a regulated market as defined in § 1 (2) of the Austrian Stock Market Act (BörseG) (prime market of the Vienna Stock Exchange) and numerous RBI AG issues are listed on a regulated market in the EU, RBI AG is required by § 59a of the Austrian Banking Act (BWG) to prepare consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS). The eight regional Raiffeisen banks are core shareholders that collectively hold approximately 58.8 per cent of the shares, with the remaining shares in free float.

As a credit institution within the meaning of § 1 of the Austrian Banking Act, RBI AG is subject to regulatory supervision by the Financial Market Authority located at Otto-Wagner-Platz 5, A-1090 Vienna (www.fma.gv.at) and the European Central Bank located at Sonnemannstraße 22, D-60314 Frankfurt am Main (www.bankingsupervision.europa.eu).

The consolidated financial statements are lodged with the Companies Register in accordance with Austrian disclosure regulations and published in the official journal of the Wiener Zeitung. They were signed by the Management Board on 8 February 2022 and subsequently submitted for the notice of the Supervisory Board.

The disclosures required under Article 434 of EU Regulation No 575/2013 on prudential requirements for credit institutions (Capital Requirements Regulation, CRR) are published on the internet on RBI's website (www.rbinternational.com → Investors → Reports).

Statement of comprehensive income

Income statement

in € million	Notes	2021	2020[1]
Net interest income	[1]	3,327	3,121
Interest income according to effective interest method		3,847	3,767
Interest income other		747	605
Interest expenses		(1,267)	(1,251)
Dividend income	[2]	42	21
Current income from investments in associates	[3]	46	41
Net fee and commission income	[4]	1,985	1,684
Fee and commission income		2,852	2,465
Fee and commission expenses		(867)	(780)
Net trading income and fair value result	[5]	53	91
Net gains/losses from hedge accounting	[6]	(2)	(1)
Other net operating income	[7]	120	117
Operating income		**5,570**	**5,073**
Staff expenses		(1,579)	(1,521)
Other administrative expenses		(992)	(927)
Depreciation		(407)	(384)
General administrative expenses	**[8]**	**(2,978)**	**(2,832)**
Operating result		**2,592**	**2,241**
Other result	[9]	(295)	(204)
Governmental measures and compulsory contributions	[10]	(213)	(257)
Impairment losses on financial assets	[11]	(295)	(598)
Profit/loss before tax		**1,790**	**1,183**
Income taxes	[12]	(368)	(321)
Profit/loss after tax from continuing operations		**1,422**	**862**
Gains/losses from discontinued operations	[23]	86	48
Profit/loss after tax		**1,508**	**910**
Profit attributable to non-controlling interests	[32]	(135)	(106)
Consolidated profit/loss		**1,372**	**804**

1 Previous-year figures adapted due to changed allocation (IFRS 5 discontinued operations as well as further adjustments in order to increase transparency). Further information can be found in the notes, chapter principles underlying the consolidated statements under changes to the income statement.

Other comprehensive income and total comprehensive income

in € million	Notes	2021	2020
Profit/loss after tax		**1,508**	**910**
Items which are not reclassified to profit or loss		**17**	**11**
Remeasurements of defined benefit plans	[29]	9	(4)
Fair value changes of equity instruments	[15]	33	(9)
Fair value changes due to changes in credit risk of financial liabilities	[26]	0	13
Share of other comprehensive income from companies valued at equity	[20]	(24)	8
Deferred taxes on items which are not reclassified to profit or loss	[22, 30]	(2)	3
Items that may be reclassified subsequently to profit or loss		**133**	**(818)**
Exchange differences		284	(1,007)
Hedge of net investments in foreign operations	[19, 28]	(64)	183
Adaptions to the cash flow hedge reserve	[19, 28]	(35)	(3)
Fair value changes of financial assets	[15]	(75)	11
Share of other comprehensive income from companies valued at equity	[20]	3	(2)
Deferred taxes on items which may be reclassified to profit or loss	[22, 30]	20	1
Other comprehensive income		**150**	**(806)**
Total comprehensive income		**1,658**	**103**
Profit attributable to non-controlling interests	[32]	(164)	(50)
hereof income statement	[32]	(135)	(106)
hereof other comprehensive income		(29)	56
Profit/loss attributable to owners of the parent		**1,493**	**53**

Earnings per share

in € million	2021	2020
Consolidated profit/loss	1,372	804
Dividend claim on additional tier 1	(92)	(75)
Profit/loss attributable to ordinary shares	**1,280**	**729**
Average number of ordinary shares outstanding in thousand	329	329
Earnings per share in €	**3.89**	**2.22**
Earnings per share from continuing operations in €	**3.63**	**2.07**

As no conversion rights or options were outstanding, no dilution of earnings per share occurred. The dividend on additional tier 1 capital is calculated; the effective payment is based on the decision of the Board at the respective payment date.

Statement of financial position

Assets

Assets in € million	Notes	2021	2020
Cash, cash balances at central banks and other demand deposits	[13, 45]	38,557	33,660
Financial assets - amortized cost	[14, 45]	132,645	116,596
Financial assets - fair value through other comprehensive income	[15, 33, 45]	4,660	4,769
Non-trading financial assets - mandatorily fair value through profit/loss	[16, 33, 45]	966	822
Financial assets - designated fair value through profit/loss	[17, 33, 45]	264	457
Financial assets - held for trading	[18, 33, 45]	4,112	4,400
Hedge accounting	[19, 45]	352	563
Investments in subsidiaries and associates	[20, 45]	968	1,002
Tangible fixed assets	[21, 45]	1,640	1,684
Intangible fixed assets	[21, 45]	933	763
Current tax assets	[22, 45]	73	87
Deferred tax assets	[22, 45]	152	121
Non-current assets and disposal groups classified as held for sale	[23]	5,531	22
Other assets	[24, 45]	1,248	1,012
Total		**192,101**	**165,959**

Equity and liabilities

Equity and liabilities in € million	Notes	2021	2020
Financial liabilities - amortized cost	[25, 45]	161,700	141,735
Financial liabilities - designated fair value through profit/loss	[26, 33, 45]	1,323	1,507
Financial liabilities - held for trading	[27, 33, 45]	5,873	5,980
Hedge accounting	[28, 45]	292	421
Provisions for liabilities and charges	[29, 45]	1,454	1,061
Current tax liabilities	[30, 45]	87	77
Deferred tax liabilities	[30, 45]	46	37
Liabilities included in disposal groups classified as held for sale	[23]	4,829	0
Other liabilities	[31, 45]	1,021	853
Equity	[32, 45]	15,475	14,288
Consolidated equity		12,843	11,835
Non-controlling interests		1,010	820
Additional tier 1		1,622	1,633
Total		**192,101**	**165,959**

Statement of changes in equity

Changes in equity

in € million	Subscribed capital	Capital reserves	Retained earnings	Cumulative other comprehensive income	Consolidated equity	Non-controlling interests	Additional tier 1	Total
Equity as at 1/1/2020	**1,002**	**4,992**	**8,443**	**(2,620)**	**11,817**	**811**	**1,137**	**13,765**
Capital increases/ decreases	0	0	0	0	0	7	497	505
Allocation dividend - AT1	0	0	(74)	0	(74)	0	74	0
Dividend payments	0	0	0	0	0	(47)	(74)	(121)
Own shares	0	0	0	0	0	0	(1)	(1)
Other changes	0	0	61	(23)	38	(1)	(1)	37
Total comprehensive income	0	0	804	(750)	53	50	0	103
Equity as at 31/12/2020	**1,002**	**4,992**	**9,234**	**(3,394)**	**11,835**	**820**	**1,633**	**14,288**
Capital increases/ decreases	0	0	0	0	0	49	0	49
Allocation dividend - AT1	0	0	(92)	0	(92)	0	92	0
Dividend payments	0	0	(404)	0	(404)	(39)	(92)	(536)
Own shares	0	0	0	0	0	0	(11)	(11)
Other changes	0	0	11	0	11	15	0	26
Total comprehensive income	0	0	1,372	121	1,493	164	0	1,658
Equity as at 31/12/2021	**1,002**	**4,992**	**10,121**	**(3,272)**	**12,843**	**1,010**	**1,622**	**15,475**

Statement of cash flows

in € million	Notes	2021[1]	2020
Cash, cash balances at central banks and other demand deposits as at 1/1	**[13]**	**33,660**	**24,289**
Operating activities:			
Profit/loss before tax		1,790	1,233
Adjustments for the reconciliation of profit/loss after tax to the cash flow from operating activities:			
Depreciation, amortization, impairment and reversal of impairment on non-financial assets	[8, 9]	402	445
Net provisioning for liabilities and charges and impairment losses on financial assets	[7, 11, 29]	618	684
Gains/losses from the measurement and derecognition of assets and liabilities	[5, 9]	28	0
Current income from investments in associates	[3]	(46)	(41)
Other adjustments (net)[2]		(4,142)	(3,160)
Subtotal		**(1,350)**	**(839)**
Changes in assets and liabilities arising from operating activities after corrections for non-cash positions:			
Financial assets - amortized cost	[14]	(13,736)	(4,193)
Financial assets - fair value through other comprehensive income	[15, 33]	(123)	(79)
Non-trading financial assets - mandatorily fair value through profit/loss	[16, 33]	(181)	(46)
Financial assets - designated fair value through profit/loss	[17, 33]	183	1,805
Financial assets - held for trading	[18, 33]	383	(75)
Other assets	[24]	(129)	46
Financial liabilities - amortized cost	[25]	20,087	15,421
Financial liabilities - designated fair value through profit/loss	[26, 33]	(149)	(186)
Financial liabilities - held for trading	[27, 33]	(164)	200
Provisions for liabilities and charges	[29]	(125)	(154)
Other liabilities	[31]	57	(61)
Interest received	[1]	4,398	4,377
Interest paid	[1]	(1,200)	(1,305)
Dividends received	[2]	177	79
Income taxes paid	[12]	(330)	(341)
Net cash from operating activities		**7,799**	**14,648**
Investing activities:			
Cash and cash equivalents from changes in scope of consolidation due to materiality		(4)	(1)
Payments for purchase of:			
Investment securities and shares	[14, 15, 16, 17, 20]	(6,007)	(6,676)
Tangible and intangible fixed assets	[21]	(451)	(435)
Subsidiaries		(132)	0
Proceeds from sale of:			
Investment securities and shares	[14, 15, 16, 17, 20]	4,250	1,868
Tangible and intangible fixed assets	[21]	58	103
Subsidiaries	[9]	0	0
Net cash from investing activities		**(2,286)**	**(5,141)**
Financing activities:			
Capital increases		0	497
Capital decreases		(11)	(1)
Inflows subordinated financial liabilities	[25, 26]	534	511
Outflows subordinated financial liabilities	[25, 26]	(611)	(424)
Dividend payments		(536)	(121)
Cash flows for leases		(79)	(68)
Inflows from changes in non-controlling interests		49	7
Net cash from financing activities		**(654)**	**403**
Effect of exchange rate changes		39	(539)
Cash, cash balances at central banks and other demand deposits as at 31/12	**[13]**	**38,557**	**33,660**

1 According to IFRS 5.33c the statement of cash flows will not be adapted by discontinued operation. A separate presentation of the statement of cash flows for the disposal group is shown under (23) Non-current assets and disposal groups classified as held for sale.
2 Other (net) adjustments mainly include the deduction of net interest income and dividend income; the corresponding cash flows are shown under the items interest received, interest paid and dividends received.

Segment reporting

Segment classification

Segmentation principles

As a rule, internal management reporting at RBI is based on the current organizational structure. This matrix structure means that each member of the Management Board is responsible both for individual countries and for specific business activities (country and functional responsibility model). A cash generating unit (CGU) within the Group is a country. The presentation of the countries includes not only subsidiary banks, but all operating units of RBI in the respective countries (such as leasing companies). Accordingly, the RBI management bodies – Management Board and Supervisory Board – make key decisions that determine the resources allocated to any given segment based on its financial strength and profitability, which is why these reporting criteria are an essential component in the decision-making process. Segment classification is therefore also undertaken in accordance with IFRS 8. The reconciliation contains mainly the amounts resulting from the elimination of intra-group results and consolidation between the segments.

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

Central Europe

This segment encompasses the most advanced banking markets in Central and Eastern Europe, namely the EU members, Czech Republic, Hungary, Poland, Slovakia and Slovenia. In Poland, RBI is present with a reduced portfolio of retail foreign currency mortgage loans. In Slovakia, RBI is active in the corporate and retail customer business, leasing, asset management and building society business. In retail business, Tatra banka is pursuing a multibrand strategy. The Slovenian leasing company was deconsolidated at the beginning of October 2021 due to immateriality, since its scope of business was reduced as scheduled. In Slovenia, the Group was represented by a leasing company until the beginning of October 2021 and t. In the Czech Republic, RBI is engaged in the real estate leasing and building society business in addition to offering traditional banking services to corporate and retail customers. The focus is on broadening relationships with affluent customers. In July 2021, the acquisition of Equa bank a.s. and Equa Sales & Distribution s.r.o, was completed and the companies were included into the group for the first time. In Hungary, the Group provides services to retail and corporate customers via the bank's countrywide network. The focus is based on corporate customers and affluent retail customers.

Southeastern Europe

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

In November 2021, the Management Board of RBI decided to sell Raiffeisenbank (Bulgaria) EAD and its wholly owned subsidiary Raiffeisen Leasing Bulgaria EOOD to KBC Bank, a wholly owned subsidiary of the Belgian KBC Group NV. This business operation, which is expected to be sold within twelve months, has been classified as disposal group held for sale and presented separately in the statement of financial position. The income statement has been reported in the item gains/losses from discontinued operations. The comparative periods in the income statement have been adjusted accordingly.

Eastern Europe

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

Group Corporates & Markets

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

Corporate Center

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

Assessment of segment profit/loss

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

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

Profitability

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

Efficiency

The cost/income ratio represents the cost efficiency of the segment. The cost/income ratio shows general administrative expenses in relation to operating income, which is the sum of net interest income, dividend income, current income from investments in associates, net fee and commission income, net trading income and fair value result, net gains/losses from hedge accounting and other net operating income.

Constraints

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

Business mix

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

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

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

Segment performance

2021 in € million	Central Europe	Southeastern Europe	Eastern Europe	Group Corporates & Markets
Net interest income	886	731	1,080	607
Dividend income	11	4	1	5
Current income from investments in associates	5	0	2	4
Net fee and commission income	477	388	573	536
Net trading income and fair value result	19	20	(5)	60
Net gains/losses from hedge accounting	5	0	(1)	(1)
Other net operating income	32	8	(15)	131
Operating income	**1,435**	**1,152**	**1,636**	**1,343**
General administrative expenses	(785)	(584)	(664)	(703)
Operating result	**649**	**568**	**972**	**640**
Other result	(284)	(57)	3	(5)
Governmental measures and compulsory contributions	(54)	(33)	(50)	(41)
Impairment losses on financial assets	(71)	(33)	(119)	(79)
Profit/loss before tax	**241**	**445**	**805**	**516**
Income taxes	(104)	(73)	(161)	(110)
Profit/loss after tax from continuing operations	**137**	**372**	**644**	**406**
Gains/losses from discontinued operations	0	70	0	0
Profit/loss after tax	**137**	**442**	**644**	**406**
Profit attributable to non-controlling interests	(90)	(1)	(44)	(12)
Profit/loss after deduction of non-controlling interests	**47**	**441**	**600**	**394**
Return on equity before tax	6.8%	13.2%	34.2%	14.4%
Return on equity after tax	3.9%	13.2%	27.3%	11.4%
Net interest margin (average interest-bearing assets)	1.70%	3.07%	5.23%	1.10%
Cost/income ratio	54.8%	50.7%	40.6%	52.3%
Loan/deposit ratio	81.6%	63.9%	76.0%	136.9%
Provisioning ratio (average loans to customers)	0.22%	0.23%	0.86%	0.21%
NPE ratio	1.6%	2.4%	1.5%	1.5%
NPE coverage ratio	60.5%	69.3%	66.9%	56.4%
Assets	58,630	33,396	24,847	61,562
Total risk-weighted assets (RWA)	23,563	17,574	17,159	31,761
Equity	3,752	3,606	2,929	3,973
Loans to customers	34,446	14,509	14,926	38,162
Deposits from customers	43,713	22,836	19,753	31,199
Business outlets	359	805	587	20
Employees as at reporting date (full-time equivalents)	9,694	13,778	17,572	3,271
Customers in million	3.6	5.4	8.1	1.9

2021 in € million	Corporate Center	Reconciliation	Total
Net interest income	(10)	33	3,327
Dividend income	1,000	(980)	42
Current income from investments in associates	35	0	46
Net fee and commission income	22	(12)	1,985
Net trading income and fair value result	(32)	(10)	53
Net gains/losses from hedge accounting	(2)	(3)	(2)
Other net operating income	137	(175)	120
Operating income	**1,151**	**(1,146)**	**5,570**
General administrative expenses	(405)	163	(2,978)
Operating result	**746**	**(984)**	**2,592**
Other result	67	(19)	(295)
Governmental measures and compulsory contributions	(35)	0	(213)
Impairment losses on financial assets	6	1	(295)
Profit/loss before tax	**784**	**(1,002)**	**1,790**
Income taxes	75	5	(368)
Profit/loss after tax from continuing operations	**859**	**(997)**	**1,422**
Gains/losses from discontinued operations	0	16	86
Profit/loss after tax	**859**	**(981)**	**1,508**
Profit attributable to non-controlling interests	0	13	(135)
Profit/loss after deduction of non-controlling interests	**859**	**(969)**	**1,372**
Return on equity before tax	–	–	12.6%
Return on equity after tax	–	–	10.6%
Net interest margin (average interest-bearing assets)	–	–	2.01%
Cost/income ratio	–	–	53.5%
Loan/deposit ratio	–	–	87.2%
Provisioning ratio (average loans to customers)	–	–	0.30%
NPE ratio	–	–	1.6%
NPE coverage ratio	–	–	62.5%
Assets	32,125	(18,459)	192,101
Total risk-weighted assets (RWA)	15,791	(15,927)	89,921
Equity	7,985	(6,771)	15,475
Loans to customers	401	(1,611)	100,832
Deposits from customers	874	(3,222)	115,153
Business outlets	–	–	1,771
Employees as at reporting date (full-time equivalents)	1,870	–	46,185
Customers in million	0.0	–	19.0

2020[1] in € million	Central Europe	Southeastern Europe	Eastern Europe	Group Corporates & Markets
Net interest income	787	735	1,060	582
Dividend income	5	1	2	8
Current income from investments in associates	3	0	0	2
Net fee and commission income	410	327	519	417
Net trading income and fair value result	19	36	56	93
Net gains/losses from hedge accounting	0	0	(1)	3
Other net operating income	49	0	(3)	113
Operating income	**1,272**	**1,100**	**1,632**	**1,219**
General administrative expenses	(714)	(599)	(615)	(678)
Operating result	**558**	**501**	**1,017**	**541**
Other result	(62)	(25)	(25)	(8)
Governmental measures and compulsory contributions	(71)	(36)	(42)	(35)
Impairment losses on financial assets	(177)	(147)	(138)	(134)
Profit/loss before tax	**249**	**294**	**811**	**365**
Income taxes	(68)	(50)	(172)	(76)
Profit/loss after tax from continuing operations	**180**	**244**	**639**	**288**
Gains/losses from discontinued operations	0	30	0	0
Profit/loss after tax	**180**	**273**	**639**	**288**
Profit attributable to non-controlling interests	(52)	0	(49)	(15)
Profit/loss after deduction of non-controlling interests	**128**	**273**	**590**	**273**
Return on equity before tax	7.4%	8.9%	30.5%	10.8%
Return on equity after tax	5.4%	8.3%	24.0%	8.5%
Net interest margin (average interest-bearing assets)	1.87%	3.43%	5.33%	1.07%
Cost/income ratio	56.2%	54.4%	37.7%	55.6%
Loan/deposit ratio	88.8%	67.5%	71.8%	129.8%
Provisioning ratio (average loans to customers)	0.60%	1.12%	1.08%	0.42%
NPE ratio	1.9%	2.8%	2.1%	1.7%
NPE coverage ratio	63.1%	70.8%	57.0%	53.4%
Assets	45,280	29,897	20,721	58,083
Total risk-weighted assets (RWA)	20,434	16,629	12,860	27,463
Equity	3,237	3,310	1,955	3,393
Loans to customers	29,857	16,294	11,560	32,179
Deposits from customers	34,393	24,292	16,224	28,822
Business outlets	368	864	604	21
Employees as at reporting date (full-time equivalents)	9,244	14,344	16,982	3,099
Customers in million	2.9	5.4	7.0	1.9

1 Previous-year figures adapted due to changed allocation (IFRS 5 discontinued operations as well as further adjustments in order to increase transparency). Further information can be found in the notes, chapter principles underlying the consolidated statements under changes to the income statement.

2020[1] in € million	Corporate Center	Reconciliation	Total
Net interest income	(77)	33	3,121
Dividend income	650	(646)	21
Current income from investments in associates	36	0	41
Net fee and commission income	20	(9)	1,684
Net trading income and fair value result	(78)	(35)	91
Net gains/losses from hedge accounting	4	(6)	(1)
Other net operating income	113	(156)	117
Operating income	**668**	**(819)**	**5,073**
General administrative expenses	(371)	146	(2,832)
Operating result	**297**	**(673)**	**2,241**
Other result	(101)	17	(204)
Governmental measures and compulsory contributions	(72)	0	(257)
Impairment losses on financial assets	(2)	0	(598)
Profit/loss before tax	**122**	**(657)**	**1,183**
Income taxes	36	10	(321)
Profit/loss after tax from continuing operations	**157**	**(647)**	**862**
Gains/losses from discontinued operations	0	18	48
Profit/loss after tax	**157**	**(629)**	**910**
Profit attributable to non-controlling interests	0	11	(106)
Profit/loss after deduction of non-controlling interests	**157**	**(617)**	**804**
Return on equity before tax	–	–	8.8%
Return on equity after tax	–	–	6.8%
Net interest margin (average interest-bearing assets)	–	–	2.13%
Cost/income ratio	–	–	55.8%
Loan/deposit ratio	–	–	88.4%
Provisioning ratio (average loans to customers)	–	–	0.67%
NPE ratio	–	–	1.9%
NPE coverage ratio	–	–	61.5%
Assets	32,577	(20,599)	165,959
Total risk-weighted assets (RWA)	13,680	(12,203)	78,864
Equity	7,483	(5,090)	14,288
Loans to customers	3,081	(2,300)	90,671
Deposits from customers	2,058	(3,677)	102,112
Business outlets	–	–	1,857
Employees as at reporting date (full-time equivalents)	1,745	–	45,414
Customers in million	0.0	–	17.2

1 Previous-year figures adapted due to changed allocation (IFRS 5 discontinued operations as well as further adjustments in order to increase transparency). Further information can be found in the notes, chapter principles underlying the consolidated statements under changes to the income statement.

Notes

Principles underlying the consolidated financial statements

Principles of preparation

The consolidated financial statements are prepared in accordance with the International Financial Reporting Standards (IFRS) published by the International Accounting Standards Board (IASB) and the international accounting standards adopted by the EU on the basis of IAS Regulation (EC) 1606/2002 including the applicable interpretations of the International Financial Reporting Interpretations Committee (IFRIC/SIC). For further information on the International Financial Reporting Standards published by the IASB and applicable to the consolidated financial statements 2021, as well as standards and interpretations not yet applicable that have been published and endorsed by the EU, please refer to the chapter recognition and measurement principles.

The consolidated financial statements also meet the requirements of § 245a of the Austrian Commercial Code (UGB) and § 59a of the Austrian Banking Act (BWG) regarding exempting consolidated financial statements that comply with internationally accepted accounting principles.

A financial asset is recognized when it is probable that the future economic benefits will flow to the company and the acquisition or production costs or another value can be reliably measured. A financial liability is recognized when it is probable that an outflow of resources embodying economic benefits will result from the settlement of the obligation and the amount at which the settlement will take place can be measured reliably. An exception is certain financial instruments which are recognized at fair value at the reporting date. Provided that the underlying contracts do not fall within the scope of IFRS 9 or IFRS 16, revenue is recognized if the conditions of IFRS 15 are met and if it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably. These consolidated financial statements have been prepared on a going concern basis.

The consolidated financial statements are based on the reporting packages of all fully consolidated Group members, which are prepared according to IFRS rules and uniform Group standards. All material subsidiaries prepare their annual financial statements as at and for the year ended 31 December. Some IFRS disclosures made outside the notes form an integral part of the consolidated financial statements. These are mainly explanations on net income from segments, which are included in the notes on segment reporting. In addition to the disclosures pursuant to IFRS 7 which are included in the notes, the risk report section particularly contains detailed information on credit risk, concentration risk, market risk and liquidity risk. This information is presented in accordance with IFRS 8 Operating Segments and IFRS 7 Financial Instruments Disclosures.

Changes to the income statement

For the purpose of a transparent presentation of the regulatory induced levies, deposit insurance fees amounting to € 99 million (previous year's period: € 87 million), previously shown in other administrative expenses, are disclosed in the item governmental measures and compulsory contributions as of 1 January 2021. Other non-income related taxes totaling € 59 million (previous year's period: € 57 million), previously shown in other net operating income, are now disclosed in the item other administrative expenses. Analogous to the non-substantial modification results, gains/losses from derecognition due to substantial modification of contract terms amounting to minus € 4 million (previous year's period: minus € 0.1 million), previously shown in other net operating income, are now disclosed as net modification gains/losses in the item other result. The figures of the previous year's period were adapted accordingly.

The planned sale of Raiffeisenbank (Bulgaria) EAD and its wholly owned subsidiary Raiffeisen Leasing Bulgaria EOOD resulted in a change in presentation in accordance with IFRS 5. This business operation, which is expected to be sold within twelve months, has been classified as a disposal group held for sale and presented separately in the statement of financial position. The income statement has been reported in the item gains/losses from discontinued operations. The comparative period in the income statement has been adapted accordingly.

Key sources of estimation uncertainty and critical accounting judgments

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

The critical assumptions, estimates and accounting judgments are as follows:

Impairment in the lending business

The application of accounting policies requires accounting judgments of the management. RBI assesses on a forward-looking basis the expected credit losses associated with its debt instrument assets carried at amortized cost and FVOCI and with the exposure arising from loan commitments, leasing receivables and financial guarantee contracts. The calculation of expected credit losses (ECL) requires the use of estimates that may not necessarily match actual results. In order to determine the amount of the impairment, significant credit risk parameters such as PD (Probability of Default), LGD (Loss Given Default) and EAD (Exposure at Default) as well as future-oriented information (economic forecasts) are to be estimated by management. The provision for credit risks is adjusted for this expected loss at each reporting date. The standard requires the assessment of a significant increase in credit risk without providing detailed guidance. Consequently, specific rules for the assessment have been defined, which consist of both qualitative information and quantitative thresholds. The methods for determining the amount of the impairment are explained in the section Impairment general (IFRS 9). Quantitative information and sensitivity analyses are presented in the notes under (37). Judgement is required when calculating expected credit losses, especially when considering risks that are not adequately reflected in the models, such as overlays and other risk factors for COVID-19, sanction and geopolitical risks.

Fair value of financial instruments

Fair value is the price received for the sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This applies regardless of whether the price can be directly observed or has been estimated on the basis of a measurement method. In determining the fair value of an asset or liability, the Group considers certain features of the asset or liability (e.g. condition and location of the asset, or restrictions in the sale and use of an asset) if market participants would also consider such features in determining the price for the acquisition of the respective asset or for the transfer of the liability at the measurement date. Where the market for a financial instrument is not active, fair value is established using a valuation technique or pricing model. For valuation methods and models, estimates are generally used depending on the complexity of the instrument and the availability of market-based data. The inputs to these models are derived from observable market data where possible but are mainly derived from non-observable market data. Under certain circumstances, valuation adjustments are necessary to account for other factors such as model risk, liquidity risk or credit risk. The valuation models are described in the notes in the section on financial instruments – recognition and measurement. In addition, the fair values of financial instruments are disclosed in the notes under (33) Fair value of financial instruments.

Provisions for litigation

Provisions are recognized when the Group has a present obligation from a past event, where it is likely that it will be obliged to settle, and an estimate of the amount is possible. The level of provisions is the best possible estimate of expected outflow of economic benefits at the reporting date while considering the risks and uncertainties underlying the commitment to fulfill the obligation. Risks and uncertainties are taken into consideration when making estimates. In some cases, lawsuits are filed by a number of retail customers. The measurement of the provision in such cases is based on a statistical approach. These approaches take into account both static data, where relevant, and expert opinions. Additional details are available under (56) Pending legal issues.

Provision for pensions and similar obligations

The cost of the defined benefit pension plan is determined using an actuarial valuation. The actuarial valuation involves making assumptions about future salary increases, mortality rates and future pension increases. Considerable accounting judgement is to be exercised in this connection in setting the criteria. Mercer´s recommendation is used to determine the discount rate from which expected returns are derived. The main criteria for the selection of such corporate bonds are the issuance volumes of the bonds, the quality of the bonds and the identification of outliers, which are not considered. Assumptions and estimates used for the long-term defined benefit obligation calculations are described in the section on pension obligations and other termination benefits. Quantitative information on long-term employee provisions are disclosed in the notes under (29) Provisions for liabilities and charges.

Deferred tax assets

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

Deferred taxes are not reported separately in the income statement and are disclosed under comprehensive income and in the notes under (12) Income taxes. By contrast, deferred taxes are shown separately in the statement of financial position in the notes under (22) Tax assets and (30) Tax liabilities.

Testing contractual cash flow characteristics

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

Goodwill impairment test

All goodwill is tested each year with respect to its future economic benefits based on cash-generating units. An impairment test is conducted as of the reporting date if indications of possible impairment arise during the financial year. For additional information, see (9) Other result and (21) Tangible fixed assets and intangible fixed assets in the notes.

Impairment testing of companies valued at equity

The carrying amounts of companies valued at equity must be tested for impairment if there are objective indications of impairment. At the end of each reporting period, an assessment is made as to whether there is any indication that the carrying amount of an investment exceeds its recoverable amount. IAS 36 contains a list of internal and external indicators that are considered to be indications of impairment. If an indication arises that an entity valued at equity may be impaired, the recoverable amount of the asset is calculated. Additional details can be found under (20) Investments in subsidiaries and associates.

In addition to the above-mentioned significant accounting judgments and key sources of estimation uncertainty, accounting policies related to COVID-19 are discussed in more detail in the following section.

Accounting policies related to COVID-19

Payment moratoriums

Many of RBI's markets saw the introduction of various moratoriums in the previous year due to the effects of COVID-19 that can essentially be described as payment moratoriums. Borrowers receive temporary extensions to make payments toward principal, interest and fees. Most of these moratoriums expired in the course of fiscal 2021, with only the moratoriums in Hungary, Bosnia and Herzegovina and Slovakia remaining in place at the end of the year.

In case of payment moratoriums, changes in payment plans may result in a loss in present value under an individual loan contract, which can generally be accounted for in RBI's income statement by making a one-time adjustment to the gross carrying amount as a non-substantial modification to the contract. The modification gain or loss is equal to the difference between the gross carrying amount prior to the modification and the net present value of the cash flows of the modified asset, discounted at the original effective interest rate. The income statement shows the modification gain or loss under (9) Other result in the row entitled net modification gains/losses. Additional information on modifications is provided in item (40) Modified assets.

Payment moratoriums are not considered to automatically trigger a significant increase in credit risk (SICR). RBI will instead continue to apply its defined assessment criteria consisting of qualitative information and quantitative thresholds. Additional details on the estimation of expected credit losses (ECL) related to the COVID-19 pandemic can be found under (35) Credit quality analysis and (37) Expected credit losses.

Impact of ECB Targeted Longer-Term Refinancing Operations (TLTRO III)

The participation of RBI in the TLTRO III programs (Targeted Longer-Term Refinancing Operations) of the European Central Bank was continued in the reporting period with increased volumes compared to the previous year in order to facilitate additional liquidity buffers.

Based on an analysis of observable conditions for comparably collateralized refinancing sources available on the market, the bank concluded that the conditions for the TLTRO III program do not represent a substantial advantage compared to the market. The financial liabilities of the TLTRO III program are recognized and measured as financial instruments in accordance with IFRS 9 as the TLTRO instruments are seen as a separate market which is organized by the ECB in the context of its money market policy.

At the reporting date the volume of longer-term financial transactions under the ECB's TLTRO III program which was included under note (25) Financial liabilities – amortized cost under liabilities to banks amounted to € 8,437 million. It thus increased € 2,763 million in comparison to the amount as at 31 December 2020.

The interest rate of TLTRO III depends on the development of a benchmark loan portfolio, while using two comparative periods. Generally, the TLTRO conditions foresee a reduction of the interest rate if banks reach certain lending thresholds. The achievement of the thresholds is monitored on an ongoing basis. At initial recognition the original effective interest rate was determined under consideration of the agreements in the contract and the judgement as to whether the criteria for the reduced interest rates would be fulfilled. For deriving the original effective interest rate it was assumed at the date of initial recognition that the requirements for claiming the so-called COVID bonus for the Special Interest Rate Period I (SIRP I, from 24 June 2020 until 23 June 2021) would not be met and, consequently, no related interest accrual was considered in the 2020 year-end reporting. In the half-year financial statements and the interim report for the third quarter, the estimates of the expected cash flows were based on the assumption that the interest for the reporting period was to be accrued over the entire term of the refinancing received, using the effective interest method. This accounting method of amortization over the total term of the refinancing received within the framework of the effective interest rate method is considered also permissible, as is the application of the present value method in accordance with IFRS 9 as a result of a change in estimates. Based on the documents of the IFRS Interpretations Committee now available in the form of a Tentative Agenda Decision and also the technical discussions in this regard, with quite divergent comments, the concluding assessment was made that in applying IFRS 9, the view of the IFRIC indicates a preference for a determination in the direction of the present value method (full-catch-up). Consequently, the decision was made to adapt the accounting policy approach regarding TLRO III in the annual financial statements towards application of the present value method (full-catch-up) which is the more representative in the market and preferred by the IFRS Interpretations Committee in the event of an adoption of IFRS 9 in connection with the recognition of the TLTRO-bonus. There are no retrospective adjustments to retained earnings due to this change in accounting policy, as no interest accruals from the COVID bonus were included in earnings at year-end 2020.

At the end of the observation period due to the achievement of the bonus criteria in the reference period March 2020 to March 2021 the amounts included in the interim reporting considered the estimated contractual cash flows which were only changed, in the course of the periodic re-estimation. This did lead to an inclusion of effects from the (amortizing) accrual of the bonus (SIRP I) over the total term of the funding (leading to impacts in net interest income due to the accruals for the TLTRO bonus in the first half year of € 8.9 million and cumulated at the end of the third quarter of € 11.3 million). These figures reported during the year included accrued interest of € 4.4 million due to the bonus from the SIRP I interest period related to previous year 2020. Interest accruals for the SIRP II bonus have not been accounted for in the interim reporting.

The ECB's TLTRO III program was amended in January 2021 to introduce another Special Interest Rate Period (SIRP II, from 24 June 2021 to 23 June 2022), during which banks pay a concessional negative interest rate (i.e. receive interest) if they meet certain lending targets by 31 December 2021. The observation period here runs from 1 October 2020 to 31 December 2021. These conditions were met. Accordingly, the SIRP II bonus amounts (€ 43.5 million) calculated using the present-value method as full-catch-up were recognized in the income statement for the first time with the reporting at year-end 2021.

Accordingly, in the financial year under review, the negative interest from the TLTRO III programs amounts to € 111.6 million (this is € 95.2 million higher than the € 16.4 million negative interest reported in the previous year). The TLTRO bonus included in the annual profit of the financial year amounts to € 28.3 million due to the negative interest from the SIRP I bonus and € 43.5 million due to negative interest from the SIRP II bonus.

Foreign currency translation

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

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

The income statement items were translated at the average exchange rates during the year calculated on the basis of month-end rates. Differences arising between the exchange rate as at the reporting date and the average exchange rate applied in the income statement were offset against equity (cumulative other comprehensive income).

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

	2021		2020	
Rates in units per €	As at 31/12	Average 1/1-31/12	As at 31/12	Average 1/1-31/12
Albanian lek (ALL)	120.760	122.518	123.710	123.949
Belarusian ruble (BYN)	2.883	3.019	3.205	2.811
Bosnian marka (BAM)	1.956	1.956	1.956	1.956
Bulgarian lev (BGN)	1.956	1.956	1.956	1.956
Croatian kuna (HRK)	7.516	7.528	7.552	7.536
Polish zloty (PLN)	4.597	4.571	4.560	4.452
Romanian leu (RON)	4.949	4.921	4.868	4.838
Russian ruble (RUB)	85.300	87.648	91.467	83.127
Serbian dinar (RSD)	117.582	117.541	117.480	117.530
Czech koruna (CZK)	24.858	25.694	26.242	26.414
Ukrainian hryvnia (UAH)	30.923	32.427	34.756	30.886
Hungarian forint (HUF)	369.190	359.015	363.890	352.242
US dollar (USD)	1.133	1.185	1.227	1.145

Consolidated group

	Fully consolidated	
Number of units	2021	2020
As at beginning of period	**209**	**209**
Included for the first time in the financial period	6	6
Merged in the financial period	(1)	(1)
Excluded in the financial period	(10)	(5)
As at end of period	**204**	**209**
Domicile in Austria	115	117
Domicile in foreign	89	92
Banks	21	20
Financial institutions	130	134
Companies rendering bank-related ancillary services	11	12
Financial holding companies	8	9
Other	34	34

Included units

Company, domicile (country)	Share	Included as of	Reason
Banks			
Equa bank a.s., Prague (CZ)	75.0%	1/7	Purchase
Financial institutions			
Equa Sales & Distribution s.r.o., Prague (CZ)	75.0%	1/7	Purchase
IMPULS-LEASING Slovakia s.r.o., Bratislava (SK)	78.7%	17/8	Purchase
OVIS Raiffeisen-Immobilien-Leasing Gesellschaft m.b.H., Vienna (AT)	90.0%	1/10	Materiality
Companies rendering bank-related ancillary services			
Akcenta CZ a.s., Prague (CZ)	92.5%	1/6	Purchase
Other companies			
Campus ATZ + DOS RBI Immobilien-Leasing GmbH, Vienna (AT)	75.0%	1/3	Materiality

Excluded units

Company, domicile (country)	Share	Excluded as of	Reason
Financial institutions			
Adipes Immobilienleasing GmbH & Co. Projekt Bremervörde KG, Frankfurt am Main (DE)	100.0%	1/12	Materiality
Austria Leasing GmbH & Co. Immobilienverwaltung Projekt Hannover KG, Eschborn (DE)	100.0%	1/5	Materiality
Raiffeisen International Invest Holding GmbH, Vienna (AT)	100.0%	1/7	Materiality
Raiffeisen Leasing d.o.o., Ljubljana (SI)	100.0%	1/10	Materiality
RBI PE Handels- und Beteiligungs GmbH, Vienna (AT)	100.0%	1/7	Materiality
ROOF Smart S.A., Luxembourg (LU)	100.0%	1/12	Materiality
Styria Immobilienleasing GmbH & Co. Projekt Ahlen KG, Eschborn (DE)	6.0%	1/11	Materiality
THYMO Raiffeisen-Leasing Gesellschaft m.b.H., Vienna (AT)	100.0%	1/11	Materiality
Financial holding companies			
RBI KI Beteiligungs GmbH, Vienna (AT)	100.0%	1/1	Merger
Other companies			
LLC "ARES Nedvizhimost", Moscow (RU)	50.0%	1/1	Materiality
Tatra Residence, a.s., Bratislava (SK)	78.8%	1/1	Materiality

Business combinations

Acquisition Akcenta CZ a.s., Prague

The closing for the takeover of a 100 per cent share of Akcenta CZ a.s. – 70 per cent share was taken over by Raiffeisen Bank International AG, Vienna, and 30 per cent share by Raiffeisenbank a.s., Prague – took place on 1 June 2021. Akcenta was included in the consolidated group in June 2021 for the first time.

Akcenta is a Czech foreign currency and payment services provider. Akcenta offers foreign currency, payment and trading services for small and medium-sized entities in the Czech Republic, in Slovakia, Hungary, Poland, Romania and Germany. The company services about 43,000 customers, more than 20,000 of them in the Czech Republic. In 2020, the company carried out customer transactions with a total volume of almost € 7 billion. Akcenta will cooperate closely with the existing foreign currency and payment services business of RBI. This approach enables to utilize synergies while ensuring at the same time Akcenta's flexibility and growth dynamic and increasing market share.

In the course of the purchase price allocation according to IFRS 3, Akcenta's existing customer relationships were identified as a separately recognized intangible asset. The acquisition costs of the existing customer relationships amounted to € 3 million, the amortization period was set at five years. Furthermore, in the course of the purchase price allocation Akcenta's brand name was identified as separately recognized intangible asset. In addition, a goodwill of € 9 million that is not tax deductible arose in the course of the purchase price allocation.

Acquisition Equa bank a.s. and Equa Sales & Distribution s.r.o., Prague

On 1 July 2021, RBI announed that the acquisition of 100 per cent of the shares in Equa (Equa bank a.s. and Equa Sales & Distribution s.r.o.) from AnaCap (AnaCap Financial Partners) by its Czech subsidiary Raiffeisenbank a.s. has been successfully completed. The consolidation of Equa in the statement of financial position of RBI took place in July 2021 (closing on 1 July 2021).

The acquisition of Equa (around 488,000 customers) is part of RBI's strategy to expand its presence in selected markets. Equa bank a.s. was merged into the Czech subsidiary Raiffeisenbank a.s. as of 1 January 2022. This allows synergies to be used and the share of the market to be increased. The gross carrying amount of the loans and advances acquired amounted to € 2,990 million, with around € 57 million of the contractual cash flows at the time of initial consolidation being considered in the valuation as likely to be uncollectible.

In the course of the purchase price allocation in accordance with IFRS 3, the existing customer relationships and the core deposits were identified as separately recognized intangible assets. The useful life was set at eight years and ten years, respectively. Furthermore, the brand name of Equa bank was identified as a separately recognized intangible asset. In addition, a goodwill of € 18 million that is not tax deductible rose during the purchase price allocation.

Acquisition IMPULS-LEASING Slovakia s.r.o, Bratislava

On 17 August 2021, the closing for the takeover of IMPULS-LEASING (ILSK) took place and 99.85 per cent of the shares were acquired by Tatra Leasing, s.r.o. ILSK was included in the consolidated financial statements in August 2021 for the first time.

ILSK is a Slovak leasing company that is focused on the private customer business. The company services around 5,300 customers and is the number 6 in the Slovak market with a market share of around 5 per cent. ILSK will be merged into Tatra Leasing in April 2022. This enables synergies to be used and the share of the market to be increased. The gross carrying amount of the acquired loans and advances amounted to € 204 million, with around € 13 million of the contractual cash flows at the time of initial consolidation being considered in the valuation as likely to be uncollectible. In the course of the purchase price allocation in accordance with IFRS 3, the existing customer relationships of ILSK were identified as a separately recognized intangible asset. The depreciation period was set at ten years. In addition, a goodwill of € 1 million that is not tax deductible arose in the course of the purchase price allocation.

The assets and liabilities were shown in the opening balance according to IFRS 3.4 with their market values (purchase price method):

in € million	Akcenta 1/6/2021	Equa 1/7/2021	ILSK 17/8/2021	Total
Cash, cash balances at central banks and other demand deposits	107	92	6	205
Financial assets - amortized cost	2	2,911	182	3,095
Financial assets - held for trading	8	0	0	8
Investments in subsidiaries and associates	1	0	0	1
Tangible fixed assets	1	10	2	12
Intangible fixed assets	5	92	5	101
Software	2	21	0	23
Core deposits intangibles	0	62	0	62
Customer relationships	3	7	4	15
Brand	1	2	0	3
Current tax assets	0	0	0	0
Deferred tax assets	0	9	0	10
Other assets	0	16	4	20
Assets	**124**	**3,130**	**199**	**3,452**
Financial liabilities - amortized cost	101	2,808	179	3,088
Financial liabilities - held for trading	6	0	0	6
Provisions for liabilities and charges	1	4	0	5
Deferred tax liabilities	1	22	1	24
Other liabilities	5	11	3	18
Total identifiable net assets	**11**	**284**	**16**	**311**
Non-controlling interests	0	0	0	0
Net assets after non-controlling interests	**11**	**284**	**16**	**311**
Total consideration transferred	20	301	17	337
Goodwill	**9**	**18**	**1**	**27**

in € million	Akcenta 1/6/2021	Equa 1/7/2021	ILSK 17/8/2021	Total
Cost of aquisition	(20)	(301)	(17)	(337)
Liquid funds	107	92	6	205
Cash flow for the acquisition	**87**	**(210)**	**(10)**	**(132)**

Presentation of the following items since the date of inclusion according to IFRS 3 (q) (i):

in € million	Akcenta	Equa	ILSK	Total
Net interest income	0	33	3	36
Operating result	0	7	1	9
Profit/loss after tax	**0**	**(7)**	**(1)**	**(8)**

Due to insufficient information, a full year view according to IFRS 3 (q) (ii) is not presented.

Notes to the income statement

(1) Net interest income

in € million	2021	2020[1]
Interest income according to effective interest method	**3,847**	**3,767**
Financial assets - fair value through other comprehensive income	94	74
Financial assets - amortized cost	3,753	3,693
Interest income other	**747**	**605**
Financial assets - held for trading	164	191
Non-trading financial assets - mandatorily fair value through profit/loss	23	24
Financial assets - designated fair value through profit/loss	6	16
Derivatives – hedge accounting, interest rate risk	294	268
Other assets	14	7
Interest income on financial liabilities	246	99
Interest expenses	**(1,267)**	**(1,251)**
Financial liabilities - amortized cost	(746)	(792)
Financial liabilities - held for trading	(128)	(174)
Financial liabilities - designated fair value through profit/loss	(43)	(50)
Derivatives – hedge accounting, interest rate risk	(252)	(178)
Other liabilities	(19)	(8)
Interest expenses on financial assets	(80)	(49)
Total	**3,327**	**3,121**

1 Previous-year figures adapted due to changed allocation (IFRS 5 discontinued operations). Further information can be found in the notes, chapter principles underlying the consolidated statements under changes to the income statement.

in € million	2021	2020[1]
Net interest income	3,327	3,121
Average interest-bearing assets	165,227	146,311
Net interest margin	**2.01%**	**2.13%**

1 Previous-year figures adapted due to changed allocation (IFRS 5 discontinued operations). Further information can be found in the notes, chapter principles underlying the consolidated statements under changes to the income statement.

Net interest income includes interest income of € 287 million (previous year's period: € 305 million) from marked-to-market financial assets and interest expenses of € 171 million (previous year's period: € 224 million) from marked-to-market financial liabilities.

Net interest income was up € 207 million to € 3,327 million. This development was mainly facilitated by rising interest rates on several Eastern European currencies and high loan growth with only slight negative currency effects. The largest increase, of € 104 million, was recorded at head office, primarily due to € 50 million in COVID-19 bonus claims under the TLTRO III program, strong loan growth and lower financing costs from the deposit business and own issues. Net interest income also rose particularly strongly in the Czech Republic. There, interest rate rises and the integration of Equa bank led to a € 54 million increase in net interest income. Net interest income in Hungary went up € 40 million, supported by the positive development of the corporate and retail customer business and by higher market interest rates. In Ukraine, too, higher income from the corporate and the retail customer business and lower interest expenses due to changes in the product mix and maturity split resulted in € 18 million higher net interest income. In Slovakia, net interest income increased € 8 million, mainly due to the COVID-19 bonus claims under the TLTRO III program. The average interest-bearing assets for the Group rose 13 per cent year-on-year, mainly due to increases in short-term investments of excess liquidity. The net interest margin narrowed by 12 basis points to 2.01 per cent.

(2) Dividend income

in € million	2021	2020[1]
Financial assets - held for trading	0	0
Non-trading financial assets - mandatorily fair value through profit/loss	1	0
Financial assets - fair value through other comprehensive income	10	11
Investments in subsidiaries and associates	30	9
Total	**42**	**21**

1 Previous-year figures adapted due to changed allocation (IFRS 5 discontinued operations). Further information can be found in the notes, chapter principles underlying the consolidated statements under changes to the income statement.

(3) Current income from investments in associates

in € million	2021	2020
Current income from investments in associates	46	41

(4) Net fee and commission income

in € million	2021	2020[1]
Clearing, settlement and payment services	774	682
Loan and guarantee business	231	204
Securities	82	63
Asset management	251	219
Custody	90	74
Customer resources distributed but not managed	76	33
Foreign exchange business	438	350
Other	44	58
Total	**1,985**	**1,684**

1 Previous-year figures adapted due to changed allocation (IFRS 5 discontinued operations). Further information can be found in the notes, chapter principles underlying the consolidated statements under changes to the income statement. Additionally, reclassifications within net fee and commission income were done due to a different mapping of income components in Romania, particularly from asset management to clearing, settlement and payment services as well as loan and guarantee business.

The growth in net fee and commission income is due to increased transactions of retail and corporate customers in clearing, settlement and payment services, especially from payment services and credit cards business, as well as in foreign exchange business, primarily from FX spot transactions. Net fee income from asset management also developed positively due to higher volumes with retail customers, with the strongest increase at Raiffeisen Kapitalanlage-Gesellschaft. Despite currency devaluations in Eastern Europe, net fee and commission income increased € 300 million to € 1,985 million. The largest increase was recorded at head office. There were further increases on a currency-adjusted basis in Russia, Romania, Hungary and in the Czech Republic.

Net fee and commission income includes income and expenses of € 1,758 million (previous year's period: € 1,336 million) relating to financial assets and financial liabilities that are not measured at fair value through profit or loss.

in € million	2021	2020[1]
Fee and commission income	**2,852**	**2,465**
Clearing, settlement and payment services	1,244	1,118
Clearing and settlement	321	283
Credit cards	144	121
Debit cards and other card payments	266	250
Other payment services	513	464
Loan and guarantee business	253	230
Securities	143	124
Asset management	402	349
Custody	107	90
Customer resources distributed but not managed	114	65
Foreign exchange business	479	377
Other	110	112
Fee and commission expenses	**(867)**	**(780)**
Clearing, settlement and payment services	(470)	(436)
Clearing and settlement	(151)	(129)
Credit cards	(80)	(61)
Debit cards and other card payments	(98)	(113)
Other payment services	(142)	(133)
Loan and guarantee business	(22)	(25)
Securities	(62)	(61)
Asset management	(152)	(130)
Custody	(17)	(16)
Customer resources distributed but not managed	(38)	(32)
Foreign exchange business	(42)	(27)
Other	(65)	(53)
Total	**1,985**	**1,684**

1 Previous-year figures adapted due to changed allocation (IFRS 5 discontinued operations). Further information can be found in the notes, chapter principles underlying the consolidated statements under changes to the income statement. Additionally, reclassifications within net fee and commission income were done due to a different mapping of income components in Romania, particularly from asset management to clearing, settlement and payment services as well as loan and guarantee business.

(5) Net trading income and fair value result

in € million	2021	2020[1]
Net gains/losses on financial assets and liabilities - held for trading	**(92)**	**79**
Derivatives	(87)	226
Equity instruments	53	(143)
Debt securities	(28)	40
Loans and advances	8	6
Short positions	6	(5)
Deposits	(36)	(42)
Debt securities issued	(1)	0
Other financial liabilities	(10)	(3)
Net gains/losses on non-trading financial assets - mandatorily fair value through profit or loss	**(6)**	**7**
Equity instruments	0	0
Debt securities	12	6
Loans and advances	(18)	1
Net gain/losses on financial assets and liabilities - designated fair value through profit/loss	**38**	**8**
Debt securities	(6)	(4)
Deposits	5	4
Debt securities issued	39	9
Exchange differences, net	**113**	**(3)**
Total	**53**	**91**

1 Previous-year figures adapted due to changed allocation (IFRS 5 discontinued operations). Further information can be found in the notes, chapter principles underlying the consolidated statements under changes to the income statement.

Net trading income and fair value result decreased € 38 million to € 53 million. The decrease mainly resulted from interest rate-related valuation losses on government bonds and currency derivatives in Russia amounting to € 57 million. The head office also reported interest rate-related valuation losses in the area of interest rate derivatives as well as government and corporate bonds, which were predominantly offset by interest rate-related valuation gains from own issues measured at fair value.

In total, losses of € 87 million were recognized on derivatives in net gains/losses on financial assets and liabilities – held for trading (previous year's period: gains of € 226 million) in the reporting period. Derivatives are particularly used to hedge interest rate and currency risks. These results are offset by opposing gains from currency translation net of € 113 million (previous year's period: loss of € 3 million) which are mainly caused by the exchange rate development of the Russian ruble.

In the reporting period, a gain of € 53 million was reported in equity instruments held for trading while the result was strongly negative in the previous year's period (COVID-19 pandemic). The equity instruments are mostly embedded in hedging relationships, for which reason positive changes of the equity instruments were offset by decreases in the derivative instruments.

(6) Net gains/losses from hedge accounting

in € million	2021	2020[1]
Fair value changes of the hedging instruments	(116)	(125)
Fair value changes of the hedged items attributable to the hedged risk	115	124
Ineffectiveness of cash flow hedge recognized in profit or loss	(1)	0
Total	**(2)**	**(1)**

1 Previous-year figures adapted due to changed allocation (IFRS 5 discontinued operations). Further information can be found in the notes, chapter principles underlying the consolidated statements under changes to the income statement.

(7) Other net operating income

in € million	2021	2020[1]
Gains/losses on derecognition of not modified financial assets and liabilities - not measured at fair value through profit/loss	**10**	**(1)**
Debt securities	2	9
Loans and advances	7	(10)
Deposits	0	0
Debt securities issued	1	0
Other financial liabilities	0	0
Gains/losses on derecognition of non-financial assets held for sale	**(3)**	**2**
Investment property	3	0
Intangible fixed assets	(9)	(3)
Other assets	3	5
Net income arising from non-banking activities	**17**	**22**
Sales revenues from non-banking activities	100	89
Expenses from non-banking activities	(83)	(68)
Net income from additional leasing services	**19**	**16**
Revenues from additional leasing services	38	33
Expenses from additional leasing services	(18)	(18)
Net income from insurance contracts	**(2)**	**(4)**
Net rental income from investment property incl. operating lease (real estate)	**46**	**50**
Net rental income from investment property	14	15
Income from rental real estate	16	17
Expenses from rental real estate	(4)	(4)
Income from other operating lease	26	27
Expenses from other operating lease	(6)	(6)
Net expense from allocation and release of other provisions	**3**	**5**
Other operating income/expenses	**30**	**26**
Total	**120**	**117**
Other operating income	331	320
Other operating expenses	(212)	(204)

1 Previous-year figures adapted due to changed allocation (IFRS 5 discontinued operations as well as further adjustments in order to increase transparency). Further information can be found in the notes, chapter principles underlying the consolidated statements under changes to the income statement.

(8) General administrative expenses

in € million	2021	2020[1]
Staff expenses	(1,579)	(1,521)
Other administrative expenses	(992)	(927)
Depreciation of tangible and intangible fixed assets	(407)	(384)
Total	**(2,978)**	**(2,832)**

1 Previous-year figures adapted due to changed allocation (IFRS 5 discontinued operations as well as further adjustments in order to increase transparency). Further information can be found in the notes, chapter principles underlying the consolidated statements under changes to the income statement.

Staff expenses

in € million	2021	2020[1]
Wages and salaries	(1,194)	(1,161)
Social security costs and staff-related taxes	(288)	(266)
Other voluntary social expenses	(44)	(41)
Expenses for defined contribution pension plans	(15)	(12)
Expenses/income from defined benefit pension plans	(2)	(2)
Expenses for post-employment benefits	(11)	(14)
Expenses for other long-term employee benefits excl. deferred bonus program	0	(17)
Staff expenses under deferred bonus programm	(19)	(9)
Termination benefits	(7)	1
Total	**(1,579)**	**(1,521)**

1 Previous-year figures adapted due to changed allocation (IFRS 5 discontinued operations). Further information can be found in the notes, chapter principles underlying the consolidated statements under changes to the income statement.

Staff expenses rose € 58 million to € 1,579 million, mainly due to increases in the Czech Republic, in Russia, at head office and in Hungary. The increase at head office mainly resulted from higher current salary payments, in the Czech Republic from the integration of Equa bank, in Russia from higher salaries and social security costs and staff-related taxes and in Hungary from lower staff expenses in the previous year's period due to the temporary reduction in regular working hours caused by the pandemic.

Expenses for severance payments and retirement benefits

in € million	2021	2020
Members of the management boards and senior staff	(7)	(9)
Other employees	(22)	(22)
Total	**(30)**	**(31)**

Other administrative expenses

in € million	2021	2020[1]
Office space expenses	(90)	(98)
IT expenses	(311)	(288)
Legal, advisory and consulting expenses	(143)	(117)
Advertising, PR and promotional expenses	(141)	(113)
Communication expenses	(65)	(63)
Office supplies	(20)	(22)
Car expenses	(9)	(9)
Security expenses	(28)	(43)
Traveling expenses	(5)	(4)
Training expenses for staff	(14)	(15)
Other non-income related taxes	(59)	(57)
Sundry administrative expenses	(106)	(98)
Total	**(992)**	**(927)**
hereof expenses for short-term leases	(12)	(11)
hereof expenses for low-value assets	(5)	(5)

1 Previous-year figures adapted due to changed allocation (IFRS 5 discontinued operations as well as further adjustments in order to increase transparency). Further information can be found in the notes, chapter principles underlying the consolidated statements under changes to the income statement.

The main drivers of the € 65 million increase in other administrative expenses were higher advertising expenses (increase: € 28 million), primarily in Russia, and increased legal and consulting expenses (increase: € 26 million) at head office, in Poland and in the Czech Republic. The increases mainly related to consulting services in connection with the integration of Equa bank and legal consulting services in connection with the CHF loan portfolio in Poland. There were further increases in IT expenses of € 24 million, mainly at head office due to higher expenses for external IT consulting services and in the Czech Republic due to some integration projects. Currency effects in Eastern Europe reduced expenses.

Legal, advisory and consulting expenses include fees for the auditors of RBI AG and its subsidiaries which comprise expenses for the audit of financial statements amounting to € 6 million (previous year's period: € 6 million) and tax advisory as well as other additional consulting services – mainly confirmation services - amounting to € 1 million (previous year: € 2 million). Thereof, € 2 million (previous year's period: € 2 million) relates to the Group auditor for the audit of the financial statements and € 1 million (previous year's period: € 1 million) relates to other consulting services.

Depreciation of tangible and intangible fixed assets

in € million	2021	2020[1]
Tangible fixed assets	(223)	(221)
hereof right-of-use assets	(79)	(79)
Intangible fixed assets	(184)	(163)
Total	**(407)**	**(384)**

1 Previous-year figures adapted due to changed allocation (IFRS 5 discontinued operations). Further information can be found in the notes, chapter principles underlying the consolidated statements under changes to the income statement.

Depreciation of tangible and intangible fixed assets increased 6 per cent, or € 23 million, to € 407 million, mainly due to higher software capitalizations at head office and the integration of Equa bank in the Czech Republic.

(9) Other result

in € million	2021	2020[1]
Net modification gains/losses	**(14)**	**(40)**
Gains/losses from changes in present value of non-substantially modified contracts	(11)	(40)
Gains/losses from derecognition due to substantial modification of contract terms	(4)	0
Impairment or reversal of impairment on investments in subsidiaries and associates	**54**	**(62)**
Impairment on non-financial assets	**5**	**(47)**
Goodwill	(2)	(27)
Other	6	(20)
Result from non-current assets and disposal groups classified as held for sale and deconsolidation	**(13)**	**6**
Net income from non-current assets and disposal groups classified as held for sale	3	7
Result of deconsolidations	(16)	(1)
Tax expenses not attributable to the business activity	**0**	**0**
Credit-linked and portfolio-based provisions for litigation	**(326)**	**(60)**
Total	**(295)**	**(204)**

1 Previous-year figures adapted due to changed allocation (IFRS 5 discontinued operations as well as further adjustments in order to increase transparency). Further information can be found in the notes, chapter principles underlying the consolidated statements under changes to the income statement.

Net modification losses amounted to € 14 million in the reporting period (COVID-19 effect of minus € 0.1 million) after € 40 million in the previous year's period (thereof € 29 million due to COVID-19 induced moratoriums and restructuring measures). Most part of the moratoriums have already expired. Further information regarding moratoriums are shown in the chapter principles underlying the consolidated financial statements, section accounting policies related to COVID-19.

The item impairment or reversal of impairment on investments in subsidiaries and associates amounting to € 54 million mainly comprises reversal of impairment on investments in companies valued at equity of net € 66 million. The reversal of impairment on investments in UNIQA Insurance Group AG, Vienna (€ 50 million), was based on the positive development of the share price and the good business performance, and in LEIPNIK-LUNDENBURGER INVEST Beteiligungs AG, Vienna (€ 23 million), due to increasing share prices of several listed participations. In contrast, impairments of € 68 million were recognized in the previous year's period due to the worse economic outlook caused by the pandemic.

In the previous year's period, the goodwill of Raiffeisen Kapitalanlage-Gesellschaft was impaired by € 27 million due to the revised medium-term plan as a result of the pandemic. The impairment on non-financial assets in the previous year's period related primarily to real estate in Russia (€ 15 million), their measurement in the reporting period led to a reversal of impairment of € 12 million.

Allocations to credit-linked and portfolio-based provisions for litigation of € 326 million mainly resulted from pending legal proceedings in Poland in the amount of € 278 million (previous year's period: € 43 million) in connection with mortgage loans denominated in foreign currencies or linked to a foreign currency. The increase of € 235 million in Poland was due to parameter changes in the model calculation.

The result from deconsolidations of € 16 million mainly resulted from the disposal of a Slovenian leasing company and a Russian group unit. Further information on deconsolidated subsidiaries is shown under chapter consolidated group.

(10) Governmental measures and compulsory contributions

in € million	2021	2020[1]
Governmental measures	**(39)**	**(103)**
Bank levies	(39)	(103)
Compulsory contributions	**(174)**	**(154)**
Resolution fund	(75)	(67)
Deposit insurance fees	(99)	(87)
Total	**(213)**	**(257)**

1 Previous-year figures adapted due to changed allocation (IFRS 5 discontinued operations as well as further adjustments in order to increase transparency). Further information can be found in the notes, chapter principles underlying the consolidated statements under changes to the income statement.

Governmental measures and compulsory contributions decreased € 44 million to € 213 million. Bank levies declined € 64 million to € 39 million. This reduction mainly related to the discontinuation of the special bank levy in Austria (previous year's period: € 41 million), which was introduced in 2016 and totaled € 163 million for RBI, booked in four tranches from 2017 to 2020. In addition, the bank levy was abolished in Slovakia (previous year's period: € 26 million). Deposit insurance fees increased € 12 million – mainly in Russia, Slovakia, and at Raiffeisen Bausparkasse Österreich Gesellschaft m.b.H. – to € 99 million.

(11) Impairment losses on financial assets

in € million	2021	2020[1]
Loans and advances	(289)	(577)
Debt securities	7	(8)
Loan commitments, financial guarantees and other commitments given	(12)	(14)
Total	**(295)**	**(598)**
hereof financial assets - fair value through other comprehensive income	2	(3)
hereof financial assets - amortized cost	(284)	(582)

1 Previous-year figures adapted due to changed allocation (IFRS 5 discontinued operations). Further information can be found in the notes, chapter principles underlying the consolidated statements under changes to the income statement.

The improved economic conditions in the 2021 financial year were reflected in a significant decrease in impairment losses on financial assets in almost all countries. On the other hand, provisions of € 28 million for Belarus as a result of EU sanctions, € 25 million due to geopolitical uncertainties in Ukraine and € 20 million for the loan portfolio of Russian customers who may be subject to sanctions had a negative effect.

In Stage 1 and Stage 2, net impairments of € 102 million were recognized in the reporting period (previous year's period: € 315 million), including a net € 98 million relating to loans to non-financial corporations, mainly in Austria (€ 34 million), Ukraine (€ 27 million), Belarus (€ 20 million) and Romania (€ 10 million). For defaulted loans (Stage 3), net impairments of € 180 million were recognized in the reporting period (previous year's period: net € 302 million). Of this, € 123 million related to households, primarily in Russia (€ 52 million), Romania (€ 16 million), Bosnia and Herzegovina (€ 13 million) and Slovakia (€ 12 million), while € 43 million related to non-financial corporations, mainly in Austria (€ 24 million) and Russia (€ 12 million).

Further details are shown under (39) Development of impairments.

(12) Income taxes

in € million	2021	2020[1]
Current income taxes	(390)	(303)
Austria	(23)	(36)
Foreign	(367)	(267)
Deferred taxes	22	(18)
Total	**(368)**	**(321)**

1 Previous-year figures adapted due to changed allocation (IFRS 5 discontinued operations). Further information can be found in the notes, chapter principles underlying the consolidated statements under changes to the income statement.

Reconciliation between profit/loss before tax and the effective tax burden:

in € million	2021	2020[1]
Profit/loss before tax	**1,790**	**1,183**
Theoretical income tax expense in the financial year based on the domestic income tax rate of 25 per cent	**(447)**	**(308)**
Effect of divergent foreign tax rates	145	107
Tax decrease because of tax-exempted income from equity participations and other income	54	43
Tax increase because of non-deductible expenses	(34)	(58)
Impairment on loss carry forwards	(11)	(5)
Non-recognized taxes from net investment hedge	(16)	(46)
Non-recognized taxes from impairments on companies valued at equity	(16)	(17)
Non-recognized taxes from impairments on goodwill	0	(7)
Other changes	(42)	(30)
Effective tax burden	**(368)**	**(321)**
Tax rate	**20.6%**	**27.1%**

1 Previous-year figures adapted due to changed allocation (IFRS 5 discontinued operations). Further information can be found in the notes, chapter principles underlying the consolidated statements under changes to the income statement.

The tax rate decreased 6.6 percentage points to 20.6 per cent due to an improved earnings contribution of head office and measurement of investments in entities valued at equity.

Information on current and open tax proceedings can be found under (56) Pending legal issues. Furthermore, there are no material tax interpretations that would require disclosure within the meaning of IFRIC 23.

In Austria, a tax reform which sees a gradual reduction in the corporate tax rate from 25 per cent to 23 per cent (2023: 24 per cent, from 2024: 23 per cent) was announced in October 2021. As the enactment of the reform came into force in January 2022, this is a non-adjusting event in the financial year 2021. Due to the tax group and the tax loss carry forwards, no significant effects are expected.

Notes to the statement of financial position

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

in € million	2021	2020
Cash in hand	6,095	5,674
Balances at central banks	25,746	21,648
Other demand deposits at banks	6,716	6,338
Total	**38,557**	**33,660**

The increase in balances at central banks was primarily attributable to deposits made for liquidity management reasons and the minimum reserve. The minimum reserve, which is not freely available, amounted to € 266 million on the reporting date (previous year: € 235 million). In addition, an increase in TLTRO III refinancing in Slovakia increased this item further.

(14) Financial assets – amortized cost

	2021			2020		
in € million	Gross carrying amount	Accumulated impairment	Carrying amount	Gross carrying amount	Accumulated impairment	Carrying amount
Debt securities	**15,625**	**(8)**	**15,617**	**14,383**	**(12)**	**14,371**
Central banks	4	0	4	1,213	0	1,213
General governments	12,097	(3)	12,094	10,566	(6)	10,559
Banks	2,199	0	2,199	1,761	0	1,761
Other financial corporations	631	(5)	626	597	(5)	592
Non-financial corporations	695	(1)	695	246	(1)	246
Loans and advances	**119,587**	**(2,559)**	**117,028**	**104,780**	**(2,555)**	**102,225**
Central banks	12,005	0	12,005	6,762	0	6,762
General governments	1,385	(1)	1,384	2,116	(4)	2,112
Banks	4,627	(4)	4,623	5,192	(4)	5,189
Other financial corporations	11,271	(92)	11,180	9,277	(73)	9,205
Non-financial corporations	51,451	(1,357)	50,094	46,170	(1,314)	44,856
Households	38,847	(1,105)	37,742	35,262	(1,161)	34,101
Total	**135,212**	**(2,567)**	**132,645**	**119,163**	**(2,567)**	**116,596**

The carrying amount of the item financial assets – amortized cost increased by € 16,049 million compared to year-end 2020. The increase in business volume amounted to € 20,396 million, but due to the planned sale of Raiffeisenbank (Bulgaria) EAD and its wholly owned subsidiary Raiffeisen Leasing Bulgaria EOOD € 4,347 million were reclassified to item (23) Non-current assets and disposal groups classified as held for sale.

The increase of € 18,496 million in lending business was mainly due to loans to non-financial companies (increase: € 7,191 million), especially at group head office (increase: € 2,362 million), mainly in long-term loans to corporate customers, in Russia (increase: € 1,625 million), mainly in working capital financing, in the Czech Republic (increase: € 1,037 million, of which € 433 million from the integration of Equa bank) and in Ukraine (increase: € 795 million). The increase in short-term business of € 6,042 million resulted mainly from the Czech Republic (increase: € 3,893 million) due to a higher volume of repo-transactions as well as from Russia (increase: € 780 million) and Hungary (increase: € 663 million), mainly due to short-term investments with the National Bank. There was an increase of € 5,262 million in loans to households, mainly from mortgage and consumer loans, mostly in the Czech Republic (increase: € 2,509 million, of which € 1,649 million from the integration of Equa bank) and in Russia (increase: € 781 million).

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

in € million	2021 Gross carrying amount	2021 Accumulated impairment	2021 Carrying amount	2020 Gross carrying amount	2020 Accumulated impairment	2020 Carrying amount
Equity instruments	**151**	**-**	**151**	**157**	**–**	**157**
Banks	3	-	3	15	–	15
Other financial corporations	81	-	81	80	–	80
Non-financial corporations	66	-	66	62	–	62
Debt securities	**4,511**	**(2)**	**4,509**	**4,616**	**(4)**	**4,612**
General governments	3,401	(1)	3,400	3,205	(3)	3,202
Banks	870	0	870	917	0	917
Other financial corporations	80	0	80	303	0	303
Non-financial corporations	160	0	159	191	(1)	190
Total	**4,662**	**(2)**	**4,660**	**4,773**	**(4)**	**4,769**

Equity instruments in financial assets – fair value through other comprehensive income:

in € million	2021	2020
Visa Inc., San Francisco (US), Class A Preferred Stock	26	23
CEESEG Aktiengesellschaft, Vienna (AT), ordinary shares	34	30
Medicur - Holding Gesellschaft m.b.H., Vienna (AT), company shares	23	22
DZ BANK AG, Frankfurt am Main (DE), Deutsche Zentral-Genossenschaftsbank, ordinary shares	0	12
PSA Payment Services Austria GmbH, Vienna (AT), company shares	5	4
Other	64	66
Total	**151**	**157**
Dividends paid on equity instruments - fair value through other comprehensive income	10	11

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

in € million	2021	2020
Equity instruments	**1**	**1**
Other financial corporations	1	1
Non-financial corporations	0	0
Debt securities	**543**	**422**
General governments	324	275
Banks	12	18
Other financial corporations	195	115
Non-financial corporations	12	14
Loans and advances	**422**	**398**
General governments	1	2
Banks	2	2
Other financial corporations	33	34
Non-financial corporations	50	95
Households	337	266
Total	**966**	**822**

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

in € million	2021	2020
Debt securities	**264**	**457**
General governments	108	295
Banks	31	31
Other financial corporations	0	0
Non-financial corporations	124	131
Total	**264**	**457**

(18) Financial assets – held for trading

in € million	2021	2020
Derivatives	**2,132**	**2,102**
Interest rate contracts	1,267	1,342
Equity contracts	184	134
Foreign exchange rate and gold contracts	652	612
Credit contracts	21	11
Commodities	2	3
Other	6	0
Equity instruments	**369**	**227**
Banks	31	26
Other financial corporations	99	85
Non-financial corporations	240	116
Debt securities	**1,598**	**2,071**
Central banks	95	0
General governments	1,069	1,568
Banks	223	260
Other financial corporations	107	109
Non-financial corporations	104	134
Loans and advances	**12**	**0**
Non-financial corporations	12	0
Total	**4,112**	**4,400**

Within the item financial assets – held for trading, the securities pledged as collateral, which the recipient is entitled to sell or pledge, amounted to € 138 million (previous year: € 51 million).

Details on the item derivates can be found under (47) Derivative financial instruments.

(19) Hedge accounting

in € million	2021	2020
Positive fair values of derivatives in micro fair value hedge	**215**	**212**
Interest rate contracts	215	210
Foreign exchange rate and gold contracts	0	2
Positive fair values of derivatives in net investment hedge	**2**	**39**
Positive fair values of derivatives in portfolio hedge	**413**	**152**
Cash flow hedge	25	24
Fair value hedge	387	128
Fair value adjustments of the hedged items in portfolio hedge of interest rate risk	**(279)**	**161**
Total	**352**	**563**

The carrying amount of the item fair value adjustments of the hedged items in portfolio hedge of interest rate risk changed year-on-year from € 161 million to minus € 279 million. This decrease was primarily the result of valuation losses on hedged fixed-rate loans in portfolio hedges in the Czech Republic, Russia and Hungary, and at Raiffeisen Bausparkasse Gesellschaft m.b.H. due to higher interest rates, particularly in the longer-term segment, and currency effects.

The fair value adjustments of the hedged interest rate risk from micro fair value hedges are reported in the respective balance sheet items of the underlying transactions and are not included in the above table.

(20) Investments in subsidiaries and associates

in € million	2021	2020
Investments in affiliated companies	251	254
Investments in associates valued at equity	716	748
Total	**968**	**1,002**
Number of subsidiaries not included	274	290

Investments in associates valued at equity:

in € million	Share in % 2021	Carrying amount 2021	Carrying amount 2020
card complete Service Bank AG, Vienna (AT)	25.0%	10	10
EMCOM Beteiligungs GmbH, Vienna (AT)	33.6%	7	7
LEIPNIK-LUNDENBURGER INVEST Beteiligungs Aktiengesellschaft, Vienna (AT)	33.1%	200	168
Limited Liability Company "Insurance Company "Raiffeisen Life", Moscow (RU)	25.0%	11	0
NOTARTREUHANDBANK AG, Vienna (AT)	26.0%	12	12
Oesterreichische Kontrollbank Aktiengesellschaft, Vienna (AT)	8.1%	56	54
Österreichische Hotel- und Tourismusbank Gesellschaft m.b.H., Vienna (AT)	31.3%	13	12
Posojilnica Bank eGen, Klagenfurt (AT)	49.2%	10	10
Prva stavebna sporitelna a.s., Bratislava (SK)	32.5%	43	44
Raiffeisen Informatik GmbH & Co KG, Vienna (AT)	47.6%	16	133
Raiffeisen-Leasing Management GmbH, Vienna (AT)	50.0%	12	13
UNIQA Insurance Group AG, Vienna (AT)	10.9%	325	284
Total		**716**	**748**

The carrying amounts of investments in associates valued at equity decreased from € 748 million to € 716 million. The decline was caused by the large dividend distributed by Raiffeisen Informatik GmbH & Co KG. The improvements at LEIPNIK-LUNDENBURGER INVEST Beteiligungs Aktiengesellschaft and UNIQA Insurance Group AG were mainly due to the markets' recovery despite the pandemic.

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

Financial information on associates valued at equity as at 30 September 2021:

in € million	CCSB	EMCOM	LLI[1]	LLC	NTB	OeKB[1]
Assets	563	20	1,214	340	2,797	32,945
Operating income	(7)	0	29	5	10	68
Profit/loss from discontinuing operations	(11)	0	22	9	0	51
Profit/loss after tax from discontinued operations	0	0	0	0	0	0
Other comprehensive income	0	0	8	(10)	0	7
Total comprehensive income	**(11)**	**0**	**30**	**(1)**	**0**	**58**
Attributable to non-controlling interests	0	0	2	0	0	2
Attributable to investee's shareholders	(11)	0	27	(1)	0	52
Current assets	555	20	334	38	972	6,875
Non-current assets	8	0	880	302	1,825	26,070
Short-term liabilities	(497)	0	(348)	(14)	(2,599)	(5,621)
Long-term liabilities	(26)	0	(377)	(281)	(151)	(26,481)
Net assets	**40**	**20**	**488**	**45**	**47**	**843**
Attributable to non-controlling interests	0	0	8	0	0	15
Attributable to investee's shareholders	40	20	480	45	47	828
Group's interest in net assets of investee as at 1/1	**10**	**7**	**150**	**0**	**12**	**65**
Change in share/first time inclusion	0	0	0	15	0	0
Total comprehensive income attributable to the Group	(3)	1	12	(1)	1	5
Dividends received	0	(1)	(3)	(3)	0	(3)
Share in the capital increase	3	0	0	0	0	0
Group's interest in net assets of investee as at 30/9	**10**	**7**	**159**	**11**	**12**	**67**
Valuation	0	0	41	0	0	(11)
Carrying amount	**10**	**7**	**200**	**11**	**12**	**56**

1 Consolidated financial statements: Profit and equity is after deduction of non-controlling interests.
CCSB: card complete Service Bank AG, Vienna (AT)
EMCOM: EMCOM Beteiligungs GmbH, Vienna (AT)
LLI: LEIPNIK-LUNDENBURGER INVEST Beteiligungs Aktiengesellschaft, Vienna (AT)
LLC: Limited Liability Company "Insurance Company "Raiffeisen Life", Moscow (RU)
NTB: NOTARTREUHANDBANK AG, Vienna (AT)
OeKB: Oesterreichische Kontrollbank Aktiengesellschaft, Vienna (AT)

in € million	OEHT	POSO	PSS	RIZ	R-Leasing	UNIQA[1]
Assets	1,197	427	2,947	272	51	31,813
Operating income	6	(2)	80	7	2	390
Profit/loss from discontinuing operations	4	2	14	4	3	238
Profit/loss after tax from discontinued operations	0	0	0	0	0	0
Other comprehensive income	0	0	0	1	0	(23)
Total comprehensive income	**4**	**2**	**14**	**5**	**3**	**215**
Attributable to non-controlling interests	0	0	0	0	0	0
Attributable to investee's shareholders	4	2	14	5	3	(23)
Current assets	7	157	533	109	49	1,543
Non-current assets	1,191	271	2,414	163	2	30,270
Short-term liabilities	(16)	(171)	(645)	(72)	(16)	(1,529)
Long-term liabilities	(1,139)	(215)	(2,021)	(111)	0	(26,890)
Net assets	**42**	**42**	**281**	**89**	**35**	**3,394**
Attributable to non-controlling interests	0	0	0	0	0	21
Attributable to investee's shareholders	42	42	281	89	35	3,373
Group's interest in net assets of investee as at 1/1	**12**	**20**	**87**	**161**	**16**	**376**
Change in share/first time inclusion	0	0	0	0	0	0
Total comprehensive income attributable to the Group	1	1	5	3	2	(2)
Dividends received	0	0	0	(121)	0	(6)
Share in the capital increase	0	0	0	0	0	0
Group's interest in net assets of investee as at 30/9	**13**	**21**	**91**	**42**	**17**	**368**
Valuation	0	(11)	(48)	(26)	(5)	(42)
Carrying amount	**13**	**10**	**43**	**16**	**12**	**325**

1 Consolidated financial statements: Profit and equity is after deduction of non-controlling interests.
OEHT: Österreichische Hotel- und Tourismusbank Gesellschaft m.b.H., Vienna (AT)
POSO: Posojilnica Bank eGen, Klagenfurt (AT)
PSS: Prva stavebna sporitelna a.s., Bratislava (SK)
RIZ: Raiffeisen Informatik GmbH & Co KG, Vienna (AT)
R-Leasing: Raiffeisen-Leasing Management GmbH, Vienna (AT)
UNIQA: UNIQA Insurance Group AG, Vienna (AT)

Impairment test for companies valued at equity

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

	2021				2020			
Cash generating units	**LLI**	**OeKB**	**PSS**	**UNIQA**	**LLI**	**OeKB**	**PSS**	**UNIQA**
Average discount interest rate (after tax)	6.0% WACC	6.4% CoE	9.0% CoE	8.4% CoE	5.7% CoE	6.2% CoE	7.5% CoE	9.1% CoE
Planning period	5 years	3 years	5 years	5 years	5 years	3 years	5 years	5 years

LLI: LEIPNIK-LUNDENBURGER INVEST Beteiligungs Aktiengesellschaft, Vienna (AT)
OeKB: Oesterreichische Kontrollbank AG, Vienna (AT)
PSS: Prva stavebna sporitelna a.s., Bratislava (SK)
UNIQA: UNIQA Insurance Group AG, Vienna (AT)

Summary of significant planning assumptions and description of the management approach to identify the values:

Cash generating units	Brief description	Key assumptions	Management approach
LEIPNIK-LUNDENBURGER INVEST Beteiligungs Aktiengesellschaft (LLI)	In the two core areas of milling and vending (hot and cold beverages and food from vending machines), the LLI companies are market leaders in Austria and in some EU countries (Eastern Europe and Germany).	Planning assumptions reflect current external framework conditions and were approved by the Supervisory Board. It is assumed that there will be no more lockdowns and that the economy will continue to recover in 2022.	The planning includes adjustments to the business strategy to reflect changes in framework conditions resulting from the COVID-19 pandemic. It includes further specializations, optimization through digitalization and the development of new products.
Oesterreichische Kontrollbank Aktiengesellschaft (OeKB)	OeKB fulfills two essential functions for the Austrian export industry. Firstly, it is the Republic of Austria's export credit agency; secondly, it is an issuer on the capital market. Its main subsidiaries are Österreichische Hotel- und Tourismusbank (ÖHT) and Oesterreichische Entwicklungsbank (OeEB).	The planning assumptions take into account the development of the volume in the export financing procedure and also shows a flattening of the net credit expansion for the following years. From 2022, a decline is assumed due to the expiry of the special control bank refinancing framework (KRR). The current planning assumptions were approved as such by the Supervisory Board.	The management approach reflects the current external framework conditions and has been adopted as the valuation approach. A stable and low interest rate level is largely assumed. The supported COVID-19 package of measures strenghtens the competitiveness of the Austrian export industry ans also focuses on the environment, climate and sustainability.
Prva stavebna sporitelna a.s. (PSS)	Prva stavebna sporitelna a.s. has operated building society business in the Slovak market since 1992. It has a 80 per cent market share.	The low-interest phase has so far even been used to expand net interest income through strict adjustments of deposit interest rates. This continues to be the case in the plans. A constant development of the result is planned through cost-saving measures. The current version of the planning assumptions was approved by the Supervisory Board.	The management approach reflects the current external framework conditions and has been adopted as the valuation approach. As the company is exclusively engaged in building society business, it is exposed to lower credit defaults risks than other credit institutions. These are essentially reduced by a strict collateralisation policy.
UNIQA Insurance Group AG (UNIQA)	The UNIQA Group is one of the leading insurance groups in its core markets of Austria and CEE. The group has approximately 40 companies in 18 countries and serves about 15.5 million customers. The brands UNIQA and Raiffeisen Versicherung are two strong insurance brands in Austria and are well positioned in the CEE markets.	UNIQA plans to increase its underlying profitability in the coming years. In addition, a reduction in the combined ratio is planned. In view of the planned return flows from investments, stable results are expected for the coming years. Based on the positive effects, the return on equity is expected to improve, supporting capital accumulation in line with growth targets. The planning assumptions in the current version were decided by the Supervisory Board.	The management approach was essentially adopted as the valuation approach. The basis is an exceptionally good year 2021. The focus remains on an average annual premium growth of 3 per cent, a sustainable improvement of the combined ratio until 2025 and the return on equity of constantly over 9 per cent as the basis for progressive dividend growth.

Sensitivity analysis

In order to examine how a change in parameters essential for determining the cost of capital affects the value of equity, these parameters were varied in the course of the sensitivity analysis carried out. Based on the most recent impairment test of LEIPNIK-LUNDENBURGER INVEST Beteiligungs Aktiengesellschaft, UNIQA Insurance Group AG, as well as Raiffeisen Informatik GmbH & Co KG, a reversal of impairment was recorded in the course of the financial year 2021. Possible write-ups are to be made to the increased recoverable amount, but at most up to the amount that would have resulted without prior impairment. Accordingly, in the case of card complete Service Bank AG, Notartreuhandbank AG, ÖHT Österreichische Hotel- und Tourismusbank GmbH and EMCOM Beteiligungs GmbH, the proportionate equity capital is to be used despite the increased recoverable amount. At Oesterreichische Kontrollbank Aktiengesellschaft, the recoverable amount corresponded to the carrying amount, while at Posojilnica Bank eGen, Prva stavebna sporitelna a.s and Raiffeisen-Leasing Management GmbH an impairment loss was recorded.

In the event of a downward scenario (increase in the cost of capital by 50 basis points), the value in use of LEIPNIK-LUNDENBURGER INVEST Beteiligungs, Aktiengesellschaft and UNIQA Insurance Group AG would still be above the proportionate carrying amount of the previous year, while for other companies, with the exception of card complete Service Bank AG, Notartreuhandbank AG, as well as EMCOM Beteiligungs GmbH, this decrease in value would lead to a write down of the carrying amount.

(21) Tangible and intangible fixed assets

in € million	2021	2020
Tangible fixed assets	**1,640**	**1,684**
Land and buildings used by the group for own purpose	507	531
Office furniture, equipment and other tangible fixed assets	331	327
Investment property	307	290
Other leased assets (operating lease)	89	90
Right-of-use assets	406	447
Intangible fixed assets	**933**	**763**
Software	741	674
Goodwill	101	73
Brand	2	8
Customer relationships	19	1
Core deposits intangibles	60	-
Other intangible fixed assets	10	6
Total	**2,572**	**2,447**
Fair value of investment property	403	392

Raiffeisen Bank Aval JSC was renamed Raiffeisen Bank JSC during the financial year due to a change in strategic alignment. Brand rights of € 8 million were written off in connection with the renaming. Core deposits of € 60 million at Equa bank were recognized as intangible fixed assets due to the acquisition and the resulting remeasurement required by IFRS 3. In addition, € 13 million in customer relationships and € 2 million in brands were recognized as assets from the Group units purchased in the Czech Republic and Slovakia.

The core deposits represent the present value of the cost savings obtained by subtracting the costs of the core deposits from the costs for an equivalent amount of funds from an alternative market source. The intangible value of the core deposits stems from the fact that the core deposits are a stable funding source and less costly than alternative investment options. The core deposits were measured using the discounted cash flow (DCF) method in which the forecast cost savings are discounted using the cost of equity. The useful life was set at ten years.

At the time of the acquisition, Equa bank had around 488 thousand customers; Akcenta had around 43 thousand. The customer relationships were identified during the purchase price allocation as intangible fixed assets that had to be accounted for separately. They were measured using the multi-period excess earning method, which is the market-standard method for measuring customer relationships. The useful lives were set at eight and five years, respectively.

Since the Equa and Akcenta brands are being used by Raiffeisenbank a.s., Prague, to some extent in order to strengthen its position in the Czech banking and finance market, they were recognized as intangible fixed assets. The relief from royalty method was used to measure them. The brands are tested for impairment annually.

in € million	As at 1/1/2021	Discontinued operation	Change in consolidated group	Exchange differences	Additions	Disposals	Transfers	As at 31/12/2021
	Cost of acquisition or conversion							
Tangible fixed assets	**3,226**	**(86)**	**(3)**	**66**	**246**	**(194)**	**0**	**3,255**
Land and buildings used by the group for own purpose	987	0	(6)	22	17	(35)	(12)	973
Office furniture, equipment and other tangible fixed assets	979	(62)	4	30	111	(85)	(6)	970
Investment property	467	0	(2)	0	25	(7)	21	503
Other leased assets (operating lease)	192	(3)	(11)	3	33	(27)	(2)	185
Right-of-use assets	601	(21)	13	10	60	(40)	0	623
Intangible fixed assets	**2,582**	**(61)**	**146**	**72**	**254**	**(62)**	**0**	**2,930**
Software	2,092	(61)	45	44	248	(32)	(3)	2,332
Goodwill	420	0	19	22	0	0	0	461
Brand	21	0	3	2	0	(23)	0	3
Customer relationships	14	0	14	2	5	(3)	0	32
Core deposits intangibles	0	0	61	2	0	0	0	63
Other intangible fixed assets	35	0	3	1	0	(4)	3	38
Total	**5,807**	**(147)**	**143**	**138**	**499**	**(256)**	**0**	**6,185**

in € million	Cumulative	hereof write-ups	hereof depreciation/ impairment	As at 31/12/2021
	Write-ups, amortization, depreciation, impairment			Carrying amount
Tangible fixed assets	**(1,616)**	**13**	**(231)**	**1,640**
Land and buildings used by the group for own purpose	(466)	12	(37)	507
Office furniture, equipment and other tangible fixed assets	(639)	0	(89)	331
Investment property	(197)	0	(10)	307
Other leased assets (operating lease)	(97)	1	(16)	89
Right-of-use assets	(217)	0	(79)	406
Intangible fixed assets	**(1,997)**	**2**	**(185)**	**933**
Software	(1,591)	2	(175)	741
Goodwill	(360)	0	(2)	101
Brand	0	0	0	2
Customer relationships	(14)	0	(3)	19
Core deposits intangibles	(3)	0	(3)	60
Other intangible fixed assets	(28)	0	(2)	10
Total	**(3,612)**	**15**	**(416)**	**2,572**

in € million	As at 1/1/2020	Change in consolidated group	Exchange differences	Additions	Disposals	Transfers	As at 31/12/2020
	Cost of acquisition or conversion						
Tangible fixed assets	**3,335**	**2**	**(216)**	**310**	**(206)**	**1**	**3,226**
Land and buildings used by the group for own purpose	1,063	0	(72)	22	(27)	1	987
Office furniture, equipment and other tangible fixed assets	1,013	3	(98)	136	(75)	0	979
Investment property	491	0	(12)	15	(36)	9	467
Other leased assets (operating lease)	229	(1)	(3)	26	(49)	(10)	192
Right-of-use assets	540	0	(30)	111	(19)	0	601
Intangible fixed assets	**2,574**	**14**	**(186)**	**236**	**(57)**	**(1)**	**2,582**
Software	2,011	14	(113)	236	(56)	(1)	2,092
Goodwill	481	0	(61)	0	0	0	420
Brand	28	0	(7)	0	0	0	21
Customer relationships	18	0	(4)	0	0	0	14
Other intangible fixed assets	37	0	(1)	1	(1)	0	35
Total	**5,909**	**17**	**(402)**	**546**	**(263)**	**0**	**5,807**

in € million	Write-ups, amortization, depreciation, impairment Cumulative	hereof write-ups	hereof depreciation/ impairment	Carrying amount As at 31/12/2020
Tangible fixed assets	**(1,542)**	**1**	**(248)**	**1,684**
Land and buildings used by the group for own purpose	(456)	1	(45)	531
Office furniture, equipment and other tangible fixed assets	(652)	0	(90)	327
Investment property	(177)	0	(13)	290
Other leased assets (operating lease)	(103)	0	(17)	90
Right-of-use assets	(154)	0	(83)	447
Intangible fixed assets	**(1,818)**	**0**	**(195)**	**763**
Software	(1,417)	0	(167)	674
Goodwill	(346)	0	(27)	73
Brand	(14)	0	0	8
Customer relationships	(12)	0	(1)	1
Other intangible fixed assets	(29)	0	(1)	6
Total	**(3,360)**	**1**	**(444)**	**2,447**

Software

in € million	2021	2020
Acquired software	535	501
Internally developed software	205	174

Goodwill

The carrying amount of the goodwill as well as the gross amounts of and the accumulated impairment on the goodwill developed for the cash generating units as follows:

2021 in € million	AKCENTA	EQUA	RBCZ	RKAG	Other	Total
As at 1/1	**0**	**0**	**39**	**32**	**2**	**73**
Additions	9	18	0	0	1	27
Impairment	0	0	0	0	(2)	(2)
Exchange rate changes	0	0	2	0	0	2
As at 31/12	**9**	**18**	**41**	**32**	**1**	**101**
Gross amount	9	18	41	59	335	461
Accumulated impairment[1]	0	0	0	(27)	(334)	(360)

1 Calculated with average exchange rates
AKCENTA: Akcenta CZ a.s., Prague (CZ)
EQUA: Equa bank a.s., Prague (CZ)
RBCZ: Raiffeisenbank a.s., Prague (CZ)
RKAG: Raiffeisen Kapitalanlage-Gesellschaft m.b.H., Vienna (AT)

2020 in € million	RBCZ	RKAG	Other	Total
As at 1/1	**40**	**59**	**2**	**101**
Additions	0	0	0	0
Impairment	0	(27)	0	(27)
Exchange rate changes	(1)	0	0	(1)
As at 31/12	**39**	**32**	**2**	**73**
Gross amount	39	59	322	420
Accumulated impairment[1]	0	(27)	(320)	(346)

1 Calculated with average exchange rates
RBCZ: Raiffeisenbank a.s., Prague (CZ)
RKAG: Raiffeisen Kapitalanlage-Gesellschaft m.b.H., Vienna (AT)

Impairment test for goodwill

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

Key assumptions

Cash generating units	2021 RBCZ/EQUA	2021 RKAG	2021 AKCENTA	2020 RBCZ	2020 RKAG
Average discount interest rate (after tax)	10.5%	8.7%	9.5%	11.2%	10.3%
Growth rates in phase I and II (5 years) p.a.	0.0%	2.1%	5.2%	55.3%	10.0%
Growth rates in phase III (terminal value) p.a.	3.0%	2.0%	2.0%	3.0%	2.0%

RBCZ/EQUA: Raiffeisenbank a.s., Prague (CZ), Equa bank a.s., Prague (CZ)
RKAG: Raiffeisen Kapitalanlage-Gesellschaft m.b.H., Vienna (AT)
AKCENTA: Akcenta CZ a.s., Prague (CZ)

Cash generating units	Key assumptions	Management approach	Risk assumption
RBCZ/EQUA	The Czech Republic is one of the Group's focus countries in which the Group intends to expand market share through organic growth and acquisitions. The banking market is expected to grow by 5 per cent in 2022, with additional growth assumed for the RBCZ due to the integration of Equa into RBCZ, not only the operating income but also the administrative expenses will increase in 2022. However, due to the synergies that will occur, there will be an overall reduction in administrative expenses in the planning horizon from 2022 to 2025.	The assumptions are based on internal and external sources. Macroeconomic assumptions of the research department were compared with external data sources and the five-year plan, presented to the Board of Directors and approved by the Supervisory Board.	The CNB raised interest rates a surprising 125 basis points instead of the expected 50-75 basis points in the fourth quarter of 2021. The benchmark interest rate is now 2.75 per cent instead of 1.50 per cent. That completes a large proportion of the planned interest rate increases. A new CNB forecast projects higher inflation but has revised growth downwards. This results in a higher contribution to liability margins.
RKAG	RKAG is one of the leading Austrian fund enterprises, has been active in international markets for years and is a well-known player in numerous European countries. A stable development is assumed. Furthermore, higher margins are expected, especially in the ESG environment. Administrative expenses will remain stable except for slight increase in the IT area.	The planning assumptions are based on internal and external sources. Macroeconomic assumptions of the research department were compared with external data sources and the five-year plan and presented to the company's managers. The plan was approved by the Supervisory Board.	The main risk for revenues lies in the development of fund volumes, which itself depends on the market and associated trends. Additional influencing factors include future sales capacities, customers' asset allocation and the level of achievable margins.
AKCENTA	Around 20 per cent of the Central European FX market for SMEs is serviced by payment service providers like Akcenta and not by banks. Central Europe is estimated to have a market potential of around 650 thousand companies; Akcenta currently services around 2 per cent of them. The Czech Republic still has the best prospects of all the Central European markets based on solid economic expectations, a potential customer base of one million registered companies and a strong local currency (CZK). The 2021 acquisition of Akcenta has augmented the RBI with one of the strongest local non-banking brands for foreign exchange and clearing, settlement and payment services.	The management approach reflects the current economic environment and the company's historic performance. The current business plan was carefully assessed and approved by the Supervisory Board.	Akcenta's business model as a payment services provider is based on cash-backed FX transactions and payments. It uses no funds of its own for this; its income structure is based on surcharges levied on top of the current exchange rate. Akcenta's activities in important local EU CEE currency markets (CZ, PL, HU, RO) will position the company to benefit from exchange rate volatility and associated fees. On that basis, the plan uses solid growth assumptions, including an increase in net profit in the upcoming years.

RBCZ/EQUA: Raiffeisenbank a.s., Prague (CZ), Equa bank a.s., Prague (CZ)
RKAG: Raiffeisen Kapitalanlage-Gesellschaft m.b.H., Vienna (AT)
AKCENTA: Akcenta CZ a.s., Prague (CZ)

Sensitivity analysis

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

	2021			2020	
Maximum sensitivity	**RBCZ/EQUA**	**RKAG**	**AKCENTA**	**RBCZ**	**RKAG**
Increase in discount interest rate	3.6 PP	14.9 PP	1.3 PP	1.0 PP	> 5.0 PP
Reduction of the growth rate in phase III	-	-	-	1.5 PP	> 5.0 PP

RBCZ/EQUA: Raiffeisenbank a.s., Prague (CZ), Equa bank a.s., Prague (CZ)
RKAG: Raiffeisen Kapitalanlage-Gesellschaft m.b.H., Vienna (AT)
AKCENTA: Akcenta CZ a.s., Prague (CZ)

(22) Tax assets

in € million	2021	2020
Current tax assets	73	87
Deferred tax assets	152	121
Tax claims from temporary differences	112	108
Loss carry forwards	13	13
Total	**225**	**208**

Net deferred taxes:

in € million	2021	2020
Financial assets - amortized cost	103	91
Financial liabilities - amortized cost	88	99
Financial liabilities - held for trading	23	125
Derivatives – Hedge accounting incl. fair value adjustments	9	8
Financial liabilities - designated fair value through profit/loss	21	38
Provisions for liabilities and charges	158	97
Investments in subsidiaries and associates	29	28
Other assets	45	58
Loss carry forwards	13	13
Other items of the statement of financial position	15	10
Deferred tax assets	**502**	**566**
Financial assets - held for trading	30	102
Financial assets - amortized cost	147	129
Financial assets - fair value through other comprehensive income	16	15
Financial assets and liabilities - designated fair value through profit/loss	0	1
Investments in subsidiaries and associates	27	24
Tangible fixed assets	37	38
Intangible fixed assets	72	54
Derivatives – Hedge accounting incl. fair value adjustments	25	76
Provisions for liabilities and charges	5	15
Other assets	20	21
Other liabilities	9	6
Other items of the statement of financial position	8	2
Deferred tax liabilities	**396**	**482**
Net deferred taxes	**106**	**84**

In the consolidated financial statements, deferred tax assets are recognized for unused tax loss carry forwards which amounted to € 13 million (previous year: € 13 million). The tax loss carry forwards are mainly without any time limit. The Group did not recognize deferred tax assets from tax loss carry forwards of € 527 million (previous year: € 560 million) because from a current point of view there is no prospect of realizing them within a reasonable period of time.

(23) Non-current assets and disposal groups classified as held for sale

in € million	2021	2020
Non-current assets from discontinued operations	5,491	0
Non-current assets and disposal groups classified as held for sale	39	22
Total	**5,531**	**22**

Non-current assets from discontinued operations classified as held for sale

In November 2021, the Management Board of RBI decided to sell Raiffeisenbank (Bulgaria) EAD and its wholly owned subsidiary Raiffeisen Leasing Bulgaria EOOD to KBC Bank, a wholly owned subsidiary of KBC Group NV of Belgium. The sale is consistent with the Group's long-term strategy of concentrating activities on the Group's other operations. The discontinued operation was defined as a disposal group classified as held for sale and listed separately on the statement of financial position. The sales proceeds will significantly exceed the carrying amount of the net assets, so no impairments were booked when these businesses were classified as held for sale and due to the resulting continuation of the carrying amount, the disclosure requirements of IFRS 13 do not apply.

The item non-current assets from discontinued operations classified as held for sale included the disposal group of Raiffeisenbank (Bulgaria) EAD (€ 5,239 million) and Raiffeisen Leasing Bulgaria EOOD (€ 252 million).

The items from the income statement, statement of financial position and statement of cash flows for the discontinued operation are presented below.

Income statement

in € million	2021	2020
Net interest income	126	121
Interest income according to effective interest method	123	120
Interest income other	5	3
Interest expenses	(2)	(2)
Dividend income	2	2
Current income from investments in associates	0	0
Net fee and commission income	64	54
Fee and commission income	81	67
Fee and commission expenses	(18)	(14)
Net trading income and fair value result	1	3
Net gains/losses from hedge accounting	(1)	0
Other net operating income	2	1
Operating income	**193**	**180**
Staff expenses	(46)	(44)
Other administrative expenses	(26)	(23)
Depreciation	(10)	(14)
General administrative expenses	**(82)**	**(81)**
Operating result	**111**	**99**
Other result	0	(1)
Governmental measures and compulsory contributions	(6)	(15)
Impairment losses on financial assets	(10)	(31)
Profit/loss before tax	**94**	**51**
Income taxes	(8)	(3)
Profit/loss after tax	**86**	**48**

The income statement of the discontinued operation represents the contribution to the Group. Deviations from the country results for Bulgaria presented in the segment reporting derived from business transactions within the Group.

Statement of financial position

Assets in € million	2021
Cash, cash balances at central banks and other demand deposits	838
Financial assets - amortized cost	4,347
Financial assets - fair value through other comprehensive income	200
Non-trading financial assets - mandatorily fair value through profit/loss	13
Financial assets - designated fair value through profit/loss	0
Financial assets - held for trading	16
Hedge accounting	0
Investments in subsidiaries and associates	3
Tangible fixed assets	35
Intangible fixed assets	25
Current tax assets	0
Deferred tax assets	0
Other assets	14
Total	**5,491**

Equity and liabilities in € million	2021
Financial liabilities - amortized cost	4,797
Financial liabilities - designated fair value through profit/loss	0
Financial liabilities - held for trading	5
Hedge accounting	0
Provisions for liabilities and charges	18
Current tax liabilities	0
Deferred tax liabilities	2
Other liabilities	6
Total	**4,829**

Statement of cash flows

in € million	2021
Cash, cash balances at central banks and other demand deposits as at 1/1	**703**
Net cash from operating activities	344
Net cash from investing activities	(207)
Net cash from financing activities	(4)
Effect of exchange rate changes	2
Cash, cash balances at central banks and other demand deposits as at 31/12	**838**

The item non-current assets and disposal groups classified as held for sale primarily includes two properties in Slovakia and one property in France. A fair value measurement is only made if the carrying amount is impaired to fair value less cost to sell.

(24) Other assets

in € million	2021	2020
Prepayments and other deferrals	515	419
Merchandise inventory and suspense accounts for services rendered not yet charged out	227	168
Sundry assets	506	425
Total	**1,248**	**1,012**

(25) Financial liabilities – amortized cost

in € million	2021	2020
Deposits from banks	**34,560**	**29,073**
Current accounts/overnight deposits	13,772	12,709
Deposits with agreed maturity	19,147	15,782
Repurchase agreements	1,641	583
Deposits from customers	**114,988**	**101,881**
Current accounts/overnight deposits	87,614	76,197
Deposits with agreed maturity	27,327	25,564
Repurchase agreements	48	121
Debt securities issued	**11,299**	**10,346**
Covered bonds	1,222	1,246
Other debt securities issued	10,078	9,100
hereof convertible compound financial instruments	1,231	910
hereof non-convertible	8,846	8,189
Other financial liabilities	**853**	**434**
Total	**161,700**	**141,735**
hereof subordinated financial liabilities	2,934	3,005
hereof lease liabilities	415	454

Current accounts/overnight deposits rose € 1,779 million at head office, of which € 1,256 million were attributable to higher deposits at the regional Raiffeisen banks. In addition, deposits with agreed maturity rose € 2,189 million in Slovakia and € 762 million at head office in particular. The increase was largely driven by the participation of RBI AG and Tatra banka, a.s. in the European Central Bank's TLTRO III program. The carrying amount was € 8,437 million at the reporting date. SIRP I and SIRP II bonuses of € 72 million were included as well in the current reporting period. Deposits from customers revealed a clear preference for short-term deposits. Current accounts/overnight deposits recorded steep rises in the Czech Republic, Russia and Hungary (up € 8,990 million in total). The increase was mainly driven by households and non-financial corporations, with exchange rate effects in Russia and the Czech Republic in particular reinforcing the trend. Deposits with agreed maturity increased slightly year-on-year. The increase was driven by gains in the Czech Republic and at head office in particular (up € 2,624 million in total), with support from currency effects in the Czech Republic. Other debt securities issued rose € 978 million overall, reflecting increases resulting from issues in the Czech Republic, Slovakia and Romania. Other financial liabilities rose rapidly as a result of pending transactions on the reporting date, especially in Russia, the Czech Republic and Romania.

Due to the planned sale of Raiffeisenbank (Bulgaria) EAD and its wholly owned subsidiary Raiffeisen Leasing Bulgaria EOOD, € 4,797 million were reclassified to the item liabilities included in disposal groups classified as held for sale.

Deposits from banks and customers by asset classes:

in € million	2021	2020
Central banks	9,534	7,115
General governments	2,785	2,463
Banks	25,025	21,959
Other financial corporations	11,000	9,726
Non-financial corporations	44,513	39,645
Households	56,690	50,047
Total	**149,548**	**130,955**

Deposits from central banks increased, particularly at head office and in Slovakia, due to participation in the TLTRO III program. Deposits from general governments rose € 376 million, mainly in Slovakia. The change in deposits from banks mainly resulted from an increase in overnight deposits at head office (up € 2,558 million). The increase in deposits from other financial corporations was also mainly concentrated at head office (up € 711 million) and in the Czech Republic (up € 206 million). Deposits with agreed maturity increased, as did current accounts/overnight deposits. Regarding deposits from non-financial corporations, the Czech Republic, head office and Russia contributed heavily to the increase (up € 3,694 million in total). This trend was intensified by currency effects in Russia and the Czech Republic. The Czech Republic contributed € 5,197 million to the total change in deposits from households. This large increase was partly attributable to the acquisition of Equa bank a.s. and Equa Sales & Distribution s.r.o. Another big increase of € 1,211 million was reported in Russia, although nearly half of the gain was caused by exchange rate effects.

Principal debt securities issued:

Issuer	ISIN	Type	Currency	Nominal value in € million	Coupon	Due	Call redemption date
RBI AG	XS2106056653	Senior public placements	EUR	750	0.3%	22/01/2025	No
RBI AG	XS2055627538	Senior public placements	EUR	750	0.4%	25/09/2026	No
RBI AG	XS0981632804	Subordinated capital	EUR	500	6.0%	16/10/2023	No
RBI AG	XS1917591411	Senior public placements	EUR	500	1.0%	04/12/2023	No
RBI AG	XS2086861437	Senior public placements	EUR	500	0.1%	03/12/2029	No
RBI AG	XS2049823763	Subordinated capital	EUR	500	1.5%	12/03/2030	12/03/2025
RBI AG	XS2189786226	Subordinated capital	EUR	500	2.9%	18/06/2032	18/06/2027
RBI AG	XS2353473692	Subordinated capital	EUR	500	1.4%	17/06/2033	17/03/2028

In the reporting period, expenses for subordinated liabilities amounted to € 118 million (previous year: € 131 million).

Development of subordinated financial liabilities in the measurement categories of amortized cost and designated at fair value through profit/loss:

in € million	
Carrying amount as at 1/1/2020	**3,131**
Change in carrying amount	102
hereof cash	88
hereof effect of exchange rate changes	(3)
hereof changes of fair value	18
Carrying amount as at 31/12/2020	**3,233**
Change in carrying amount	(68)
hereof cash	(77)
hereof effect of exchange rate changes	(14)
hereof changes of fair value	24
Carrying amount as at 31/12/2021	**3,165**

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

in € million	2021	2020
Deposits from banks	**48**	**48**
Deposits with agreed maturity	48	48
Deposits from customers	**165**	**231**
Deposits with agreed maturity	165	231
Debt securities issued	**1,110**	**1,228**
Hybrid contracts	1	3
Other debt securities issued	1,109	1,226
hereof convertible compound financial instruments	0	4
hereof non-convertible	1,109	1,221
Total	**1,323**	**1,507**
hereof subordinated financial liabilities	232	228

(27) Financial liabilities – held for trading

in € million	2021	2020
Derivatives	**1,894**	**2,057**
Interest rate contracts	1,115	1,128
Equity contracts	138	227
Foreign exchange rate and gold contracts	569	603
Credit contracts	27	18
Commodities	1	0
Other	45	80
Short positions	**250**	**501**
Equity instruments	6	97
Debt securities	243	404
Debt securities issued	**3,729**	**3,422**
Hybrid contracts	3,729	3,332
Other debt securities issued	0	90
hereof convertible compound financial instruments	0	90
Total	**5,873**	**5,980**

Details on derivatives are shown under (47) Derivative financial instruments.

(28) Hedge accounting

in € million	2021	2020
Negative fair values of derivatives in micro fair value hedge	**69**	**43**
Interest rate contracts	69	43
Foreign exchange rate and gold contracts	0	0
Negative fair values of derivatives in micro cash flow hedge	**0**	**1**
Interest rate contracts	0	1
Negative fair values of derivatives in net investment hedge	**29**	**9**
Negative fair values of derivatives in portfolio hedge	**730**	**344**
Cash flow hedge	43	7
Fair value hedge	686	338
Fair value adjustments of the hedged items in portfolio hedge of interest rate risk	**(536)**	**24**
Total	**292**	**421**

Negative fair values of derivatives in portfolio hedge increased € 386 million to € 730 million. The increase was largely due to the portfolio hedge in the Czech Republic and Hungary. There were countervailing effects at Raiffeisen Bausparkasse Gesellschaft m.b.H. The changes were primarily caused by interest rate changes as well as exchange rate effects in the Czech Republic and Hungary.

The item fair value adjustments of the hedged items in portfolio hedge of interest rate risk decreased € 560 million to minus € 536 million. This was mainly due to the fair value development of the hedged liabilities in portfolio hedges in the Czech Republic and Hungary due to rising interest rates, particularly for hedged customer deposits in local currency.

The fair value adjustments of the hedged interest rate risk from micro fair value hedges are reported in the respective statement of financial position items of the underlying transactions and are not included in the above table.

(29) Provisions for liabilities and charges

in € million	2021	2020
Provisions for off-balance sheet items	**188**	**176**
Other commitments and guarantees according to IFRS 9	185	174
Other commitments and guarantees according to IAS 37	3	1
Provisions for staff	**491**	**478**
Pensions and other post employment defined benefit obligations	195	204
Other long-term employee benefits	57	59
Bonus payments	171	153
Provisions for overdue vacations	64	58
Termination benefits	3	4
Other provisions	**776**	**407**
Pending legal issues and tax litigation	551	247
Restructuring	17	18
Onerous contracts	59	62
Other provisions	149	80
Total	**1,454**	**1,061**

Provisions increased € 394 million to € 1,454 million. This resulted from the additional allocation of € 304 million to pending legal issues related to the CHF loan portfolio that brought the item to € 551 million. The allocation included an increase of € 275 million to € 364 million in Poland and an increase of € 21 million to € 56 million in Croatia. Provisions were also increased due to pending proceedings with the consumer protection agency in Romania. These provisions for Raiffeisen Bank S.A. rose € 10 million to € 27 million. The provisions for Aedificium Banca pentru Locuinte S.A. rose € 4 million to € 23 million in connection with an audit by the Romanian tax court.

More details are available under (56) Pending legal issues.

in € million	1/1/2021	Discontinued operation	Change in consolidated group	Allocation	Release	Usage	Transfers, exchange differences	31/12/2021
Provisions for off-balance sheet items[1]	**1**	**0**	**0**	**2**	**0**	**0**	**0**	**3**
Other commitments and guarantees according to IAS 37	1	0	0	2	0	0	0	3
Provisions for staff	**478**	**(8)**	**3**	**146**	**(31)**	**(115)**	**10**	**491**
Pensions and other post employment defined benefit obligations	204	(1)	0	0	(10)	(8)	10	195
Other long-term employee benefits	59	0	0	1	(1)	(1)	(1)	57
Bonus payments	153	(5)	3	133	(18)	(101)	1	171
Provisions for overdue vacations	58	(2)	0	12	(2)	(3)	(1)	64
Termination benefits	4	0	0	1	0	(1)	0	3
Other provisions	**407**	**(2)**	**0**	**513**	**(59)**	**(82)**	**(4)**	**776**
Pending legal issues and tax litigation	247	(1)	0	338	(20)	(11)	(2)	551
Restructuring	18	0	0	11	0	(12)	0	17
Onerous contracts	62	0	0	0	(3)	0	0	59
Other provisions	80	(1)	0	164	(35)	(59)	(2)	149
Total	**886**	**(10)**	**3**	**661**	**(90)**	**(197)**	**6**	**1,269**

1 Provisions for off-balance-sheet items pursuant to IFRS 9 are not included and are shown under (39) Development of impairments.

in € million	1/1/2020	Change in consolidated group	Allocation	Release	Usage	Transfers, exchange differences	31/12/2020
Provisions for off-balance sheet items[1]	**12**	**0**	**1**	**(10)**	**0**	**(2)**	**1**
Other commitments and guarantees according to IAS 37	12	0	1	(10)	0	(2)	1
Provisions for staff	**500**	**4**	**159**	**(21)**	**(145)**	**(19)**	**478**
Pensions and other post employment defined benefit obligations	204	1	14	(9)	(11)	5	204
Other long-term employee benefits	42	0	16	0	(1)	1	59
Bonus payments	192	2	101	(10)	(114)	(18)	153
Provisions for overdue vacations	56	1	26	(2)	(19)	(4)	58
Termination benefits	6	0	1	0	(2)	(1)	4
Other provisions	**410**	**0**	**235**	**(116)**	**(101)**	**(21)**	**407**
Pending legal issues and tax litigation	222	0	116	(49)	(31)	(10)	247
Restructuring	26	0	7	(4)	(11)	0	18
Onerous contracts	66	0	0	(4)	0	0	62
Other provisions	96	0	113	(59)	(59)	(11)	80
Total	**922**	**4**	**395**	**(147)**	**(246)**	**(42)**	**886**

1 Provisions for off-balance-sheet items pursuant to IFRS 9 are not included and are shown under (39) Development of impairments.

Pension obligations and other termination benefits

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

Funding

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

The Group expects to pay € 356 thousand in contributions to its defined benefit plans in 2022.

Pension obligations/defined benefit pension plans

Financial status

in € million	2021	2020
Defined benefit obligation (DBO)	145	150
Fair value of plan assets	(42)	(43)
Net liabilities/assets	**103**	**107**

Defined benefit obligations

in € million	2021	2020
Defined benefit obligation as at 1/1	**150**	**153**
Change in consolidated group	0	1
Current service cost	6	0
Interest cost	0	2
Payments	(5)	(7)
Loss/(gain) on DBO due to past service cost	0	0
Transfer	(1)	(4)
Remeasurements	(5)	5
Defined benefit obligation as at 31/12	**145**	**150**

The change in new measurements largely resulted from the modification of the financial parameters.

Plan assets

in € million	2021	2020
Plan assets as at 1/1	**43**	**49**
Interest income	4	0
Contributions to plan assets	1	1
Plan payments	(2)	(4)
Transfer	(3)	(2)
Return on plan assets excl. interest income	0	(2)
Plan assets as at 31/12	**42**	**43**

The return on plan assets was € 4 million (previous year: minus € 1 million). The fair value of rights to reimbursement recognized as an asset was € 14 million (previous year: € 15 million).

Structure of plan assets

in per cent	2021	2020
Debt securities	40	49
Shares	40	27
Alternative Investments	7	14
Real estate	5	5
Cash	8	5
Total	**100**	**100**

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

Asset-Liability Matching

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

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

Actuarial assumptions

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

in per cent	2021	2020
Discount rate	0.9-3.0	0.8
Future pension basis increase	3.7	3.7
Future pension increase	2.1	2.0

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

Years	2021	2020
Longevity at age 65 for current pensioners - males	23.2	23.1
Longevity at age 65 for current pensioners - females	25.7	25.5
Longevity at age 65 for current members aged 45 - males	25.9	25.8
Longevity at age 65 for current members aged 45 - females	28.2	28.1

The weighted average duration of the net defined benefit obligation was 12.0 years (previous year: 11.4 years).

Sensitivity analysis

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

	2021		2020	
in € million	Increase	Decrease	Increase	Decrease
Discount rate (1 percentage point change)	(15)	19	(17)	18
Future salary growth (0.5 percentage point change)	1	(1)	1	(1)
Future pension increase (0.25 percentage point change)	3	(3)	4	(4)
Remaining life expectancy (change 1 year)	9	(9)	9	(9)

Other termination benefits

in € million	2021	2020
Defined benefit obligation as at 1/1	**97**	**100**
Change in consolidated group	(1)	0
Current service cost	5	5
Interest cost	1	1
Payments	(5)	(7)
Loss/(gain) on DBO due to past service cost	0	0
Transfers	1	1
Remeasurements	(5)	(4)
Defined benefit obligation as at 31/12	**92**	**97**

Actuarial assumptions

The actuarial assumptions used to calculate the other termination benefits:

in per cent	2021	2020
Discount rate	0.7-1.1	0.9
Additional future salary increase for employees	3.7	3.7

Employee benefit expenses

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

(30) Tax liabilities

in € million	2021	2020
Current tax liabilities	87	77
Deferred tax liabilities	46	37
Total	**132**	**114**

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

(31) Other liabilities

in € million	2021	2020
Liabilities from insurance activities	208	176
Deferred income and accrued expenses	509	440
Sundry liabilities	304	238
Total	**1,021**	**853**

Insurance business

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

Analysis of the change in insurance contract liabilities:

in € million	Covered by LAT test	Not covered by LAT test	Total
Carrying amount as at 1/1/2020	**56**	**53**	**110**
Additions	85	11	96
Usage	(16)	(15)	(30)
Other changes	(1)	(1)	(3)
Exchange rate changes	1	0	1
Investment return	1	1	2
Carrying amount as at 31/12/2020	**126**	**49**	**176**
Additions	56	1	58
Usage	(12)	(12)	(24)
Other changes	(2)	(1)	(2)
Exchange rate changes	(1)	0	(1)
Investment return	2	1	3
Carrying amount as at 31/12/2021	**170**	**38**	**208**

Insurance contract liabilities must be regularly reviewed and subjected to a liability adequacy test (LAT). The adequacy test determines, on the basis of a comparison with estimated future cash flows, whether the carrying amount of insurance liabilities needs to be increased. In 2020 and 2021, there were no charges related to the liability adequacy test.

Risks in the insurance business

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

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

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

Sensitivity analysis

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

2021 in € million	Covered by LAT test	Scenario	Difference
Liability adequacy test best estimate	170	149	21
Increase in longevity by 10 per cent	170	153	16
Increase in the risk margin by 1.5 percentage points	170	151	18
Parallel shift of the yield curve by 100 basis points	170	168	2

2020 in € million	Covered by LAT test	Scenario	Difference
Liability adequacy test best estimate	126	119	8
Increase in longevity by 10 per cent	126	122	4
Increase in the risk margin by 1.5 percentage points	126	121	6
Parallel shift of the yield curve by 100 basis points	126	123	4

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

(32) Equity

in € million	2021	2020
Consolidated equity	12,843	11,835
Subscribed capital	1,002	1,002
Capital reserves	4,992	4,992
Retained earnings	10,121	9,234
hereof consolidated profit/loss	1,372	804
Cumulative other comprehensive income	(3,272)	(3,394)
Non-controlling interests	1,010	820
Additional tier 1	1,622	1,633
Total	**15,475**	**14,288**

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

The list of all companies which were included in the scope of consolidation for the first time can be found in chapter consolidated group.

The consolidated return on equity amounted to 10.9 per cent in the financial year (previous year: 6.4 per cent). This rose by 4.5 percentage points due to the average equity base increasing by only 4 per cent and higher consolidated profit. The return on total assets calculated in accordance with § 64 (1) 19 BWG was 0.78 per cent (previous year: 0.55 per cent).

Subscribed capital

As at 31 December 2021, the subscribed capital of RBI AG as defined by the articles of incorporation amounted to € 1,003,266 thousand and the subscribed capital consisted of 328,939,621 non-par bearer shares. After deduction of own shares of 322,204 the stated subscribed capital totaled € 1,002,283 thousand.

Own shares

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

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

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

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

Authorized capital

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

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

Dividend

The Annual General Meeting decided on 22 April 2021, taking the ECB`s recommendation on dividend distributions during the COVID-19 pandemic into account, to distribute a dividend of € 0.48 per dividend-entitled share and the remaining retained earnings to be carried forward. In addition, after the ECB`s recommendation on dividend restrictions had expired on 30 September 2021, the Management Board and the Supervisory Board proposed to the Extraordinary General Meeting on 10 November 2021 that an additional dividend of € 0.75 per dividend-entitled share be distributed for the 2020 financial year. This corresponds to a total distribution of € 246,704,715.75 and was distributed on 17 November 2021. In the 2021 financial year, a total of € 1.23 per share was distributed in dividends in two tranches.

Dividend proposal

The Management Board of Raiffeisen Bank International AG will propose to the Annual General Meeting that a dividend of € 1.15 per share be distributed from the profit of the 2021 annual financial statements. Based on the shares issued, this would result in a maximum amount of € 378 million.

Number of shares outstanding

Number of shares	2021	2020
Number of shares issued as at 1/1	**328,939,621**	**328,939,621**
New shares issued	0	0
Number of AT1 securities issued as at 31/12	**328,939,621**	**328,939,621**
Own shares as at 1/1	322,204	322,204
Purchase of own shares	0	0
Sale of own shares	0	0
Less own shares as at 31/12	**322,204**	**322,204**
Number of shares outstanding as at 31/12	**328,617,417**	**328,617,417**

Additional tier 1 capital

On 5 July 2017, RBI AG issued perpetual additional tier 1 capital (AT1) with a nominal value of € 650,000 thousand. The interest rate is 6.125 per cent p.a. until December 2022 and will be reset thereafter. RBI placed another issue of perpetual additional tier 1 capital (AT1) with a volume of € 500,000 thousand on 24 January 2018. The discretionary coupon on this issue is 4.5 per cent p.a. until mid-June 2025, after which it will be reset. On 29 July 2020, RBI placed another perpetual additional tier 1 capital (AT1) instrument in the amount of € 500,000 thousand. The discretionary coupon on this issue is 6 per cent p.a. until December 2026, after which point it will be reset. Due to the terms and conditions of issue, the additional tier 1 capital is classified as equity under IAS 32. Own shares, which have a carrying amount of € 16,000 thousand, were also deducted from the capital. The nominal value per security for all tranches is € 200 thousand.

Number of AT1 securities	2021	2020
Number of AT1 securities issued as at 1/1	**8,250**	**5,750**
New AT1 securities issued	0	2,500
Number of AT1 securities issued as at 31/12	**8,250**	**8,250**
Own AT1 securities as at 1/1	25	22
Purchase of own AT1 securities	435	573
Sale of own AT1 securities	(380)	(570)
Less own AT1 securities as at 31/12	**80**	**25**
Number of AT1 securities outstanding as at 31/12	**8,170**	**8,225**

Development of cumulative other comprehensive income of group equity (without non-controlling interests)

in € million	Remeasurements reserve acc. to IAS 19	Exchange differences	Net investment hedge	Cash flow hedge
As at 1/1/2020	**(46)**	**(2,769)**	**59**	**3**
Unrealized net gains/losses of the period	(4)	0	0	0
Items that may be reclassified subsequently to profit or loss	0	(953)	183	(2)
Net gains/losses reclassified to income statement	0	0	0	0
Reclassification of the valuation reserve of financial assets	0	0	0	0
As at 31/12/2020	**(50)**	**(3,722)**	**242**	**0**
Unrealized net gains/losses of the period	9	0	0	0
Items that may be reclassified subsequently to profit or loss	0	255	(64)	(30)
Net gains/losses reclassified to income statement	0	(7)	0	0
As at 31/12/2021	**(40)**	**(3,473)**	**178**	**(29)**
Deferred taxes	2	0	0	6
As at 31/12/2021 net	**(39)**	**(3,473)**	**178**	**(24)**

in € million	At fair value OCI	Fair value option	At equity	Total
As at 1/1/2020	**209**	**(68)**	**7**	**(2,605)**
Unrealized net gains/losses of the period	(4)	13	8	13
Items that may be reclassified subsequently to profit or loss	10	0	(2)	(765)
Net gains/losses reclassified to income statement	0	0	0	0
Reclassification of the valuation reserve of financial assets	(28)	0	0	(28)
As at 31/12/2020	**187**	**(55)**	**13**	**(3,385)**
Unrealized net gains/losses of the period	33	0	(24)	19
Items that may be reclassified subsequently to profit or loss	(73)	0	3	92
Net gains/losses reclassified to income statement	0	0	0	(7)
As at 31/12/2021	**147**	**(55)**	**(7)**	**(3,280)**
Deferred taxes	(2)	0	2	8
As at 31/12/2021 net	**146**	**(55)**	**(5)**	**(3,272)**

Development of deferred taxes included in other comprehensive income:

in € million	1/1/2020	Change	31/12/2020	Change	31/12/2021
Remeasurements reserve acc. to IAS 19	1	0	2	0	2
Exchange differences	0	0	0	0	0
Net investment hedge	0	0	0	0	0
Cash flow hedge	(2)	2	0	6	6
At fair value OCI	(17)	4	(13)	11	(2)
Fair value option	0	0	0	0	0
At equity	3	0	3	(1)	2
Deferred taxes total	**(15)**	**6**	**(9)**	**17**	**8**

The changes in fair value resulting from changes in RBI's own default risk in the reporting period amounted to less than € 1 million (previous year: minus € 13 million). The difference between the current fair value of these designated liabilities and the contractually agreed payment amount for the date of final maturity amounted to € 259 million (previous year: € 315 million). There were no significant transfers within equity or derecognition of liabilities measured at fair value in the reporting period.

Non-controlling interests

The following table contains financial information of subsidiaries which are held by the Group and in which material non-controlling interests exist. The amounts reported below refer to the non-controlling interests that were not eliminated.

2021 in € million	Share of voting rights and equity of non-controlling interests	Net assets of non-controlling interests	Profit/loss of non-controlling interests	Other comprehensive income of non-controlling interests	Total comprehensive income of non-controlling interests
Raiffeisen Bank JSC, Kiev (UA)	31.8%	148	38	15	53
Raiffeisenbank a.s., Prague (CZ)	25.0%	447	46	17	63
Tatra banka, a.s., Bratislava (SK)	21.2%	288	32	0	32
Priorbank JSC, Minsk (BY)	12.3%	43	5	4	10
Valida Pension AG, Vienna (AT)	42.6%	71	6	0	6
Other	n/a	13	8	(7)	1
Total		**1,010**	**135**	**29**	**164**

2020 in € million	Share of voting rights and equity of non-controlling interests	Net assets of non-controlling interests	Profit/loss of non-controlling interests	Other comprehensive income of non-controlling interests	Total comprehensive income of non-controlling interests
Raiffeisen Bank Aval JSC, Kiev (UA)	31.8%	116	42	(33)	9
Raiffeisenbank a.s., Prague (CZ)	25.0%	337	20	(10)	10
Tatra banka, a.s., Bratislava (SK)	21.2%	272	23	0	23
Priorbank JSC, Minsk (BY)	12.3%	36	5	(12)	(6)
Valida Pension AG, Vienna (AT)	42.6%	65	7	0	7
Other	n/a	(5)	8	(2)	6
Total		**820**	**106**	**(56)**	**50**

As opposed to the above stated financial information which only relates to significant non-controlling interests, the following table contains financial information of the significant individual subsidiaries (including controlling interests):

2021 in € million	Raiffeisen Bank JSC, Kiev (UA)	Raiffeisenbank a.s., Prague (CZ)	Tatra banka, a.s., Bratislava (SK)	Priorbank JSC, Minsk (BY)	Valida Pension AG, Vienna (AT)
Operating income	349	473	451	143	34
Profit/loss after tax	121	182	151	43	14
Other comprehensive income	46	70	(2)	35	0
Total comprehensive income	**167**	**252**	**149**	**78**	**14**
Current assets	3,025	11,288	7,662	1,572	42
Non-current assets	1,026	9,284	11,738	389	277
Short-term liabilities	3,551	17,314	13,801	1,536	11
Long-term liabilities	35	1,471	4,243	73	141
Net assets	**465**	**1,787**	**1,356**	**353**	**167**
Net cash from operating activities	632	650	2,752	141	12
Net cash from investing activities	(131)	(612)	(154)	(8)	1
Net cash from financing activities	(69)	187	(93)	(18)	0
Effect of exchange rate changes	(53)	(14)	1	(34)	0
Net increase in cash and cash equivalents	**379**	**212**	**2,506**	**81**	**12**
Dividends paid to non-controlling interests during the year[1]	21	1	14	2	0

1 Included in net cash from financing activities

2020 in € million	Raiffeisen Bank Aval JSC, Kiev (UA)	Raiffeisenbank a.s., Prague (CZ)	Tatra banka, a.s., Bratislava (SK)	Priorbank JSC, Minsk (BY)	Valida Pension AG, Vienna (AT)
Operating income	341	396	420	137	36
Profit/loss after tax	132	81	106	43	18
Other comprehensive income	(103)	(40)	0	(95)	0
Total comprehensive income	**29**	**41**	**107**	**(52)**	**18**
Current assets	2,362	7,398	4,994	1,185	39
Non-current assets	718	8,266	10,498	502	270
Short-term liabilities	2,681	13,576	12,454	1,327	11
Long-term liabilities	35	741	1,758	69	145
Net assets	**364**	**1,347**	**1,280**	**292**	**153**
Net cash from operating activities	80	961	1,011	(6)	22
Net cash from investing activities	(49)	(1,193)	(585)	(40)	(50)
Net cash from financing activities	(150)	38	(8)	(1)	0
Effect of exchange rate changes	63	17	(1)	69	0
Net increase in cash and cash equivalents	**(56)**	**(177)**	**417**	**22**	**(28)**
Dividends paid to non-controlling interests during the year[1]	47	1[2]	0	0	0

1 Included in net cash from financing activities
2 Dividend for AT1

Significant restrictions

For Raiffeisenbank a.s., Prague, a syndicate contract exists between RBI AG and the joint shareholder. The syndicate contract regulates especially purchase options between direct and indirect shareholders. The syndicate contract expires automatically if control over the company changes – also in the case of a takeover bid.

The European Bank for Reconstruction and Development (EBRD) participated in the capital increase of Raiffeisen Bank JSC, Kiev, which took place in December 2015. Within the course of this transaction, RBI agreed with EBRD to offer RBI shares to EBRD in exchange for the Raiffeisen Bank JSC, Kiev, shares held by EBRD after six years of its participation in a so-called share swap. The execution of this transaction is subject to approvals from regulatory authorities, the Annual General Meeting and other committees.

Notes to financial instruments

(33) Fair value of financial instruments

Fair value measurement in the Group is based primarily on external data sources (mainly stock exchange prices or broker quotations in highly liquid markets). Financial instruments measured on the basis of quoted market prices are mainly listed securities and a small share of derivatives as well as liquid bonds traded on OTC markets. These financial instruments are assigned to Level I of the fair value hierarchy.

If a market value is used and the market cannot be considered as an active market in view of its restricted liquidity, the underlying financial instrument is assigned to Level II or Level III of the fair value hierarchy.

If no market prices are available, valuation models based on observable market data are used to measure these financial instruments, thereby relegating them to Level II. These observable market data are mainly yield curves, credit spreads and volatilities. The Group generally uses valuation models which are subject to an internal audit by the Market Risk Committee in order to ensure appropriate measurement parameters.

If fair value cannot be measured using either sufficiently regularly quoted market prices (Level I) or using valuation models which are entirely based on observable market prices (Level II), then individual input parameters which are not observable on the market are estimated using appropriate assumptions. If parameters which are not observable on the market have a significant impact on the measurement of the underlying financial instrument, it is assigned to Level III of the fair value hierarchy. These measurement parameters, which are not regularly observable, are mainly credit spreads derived from internal estimates.

Assigning certain financial instruments to the level categories requires regular assessment, especially if measurement is based on both observable parameters and also parameters which are not observable on the market. The classification of an instrument can also change over time to take account of changes in market liquidity and thus price transparency.

Fair value of financial instruments measured at fair value

The loan portfolio is included in the central calculation of fair value. Fair value is calculated monthly and is based on the discounted cash flow method. The expected payment streams are discounted using an appropriate discount rate (e.g. risk-free rate plus premium). The method applied to calculate the discount rate depends on the segment (i.e. retail and non-retail).

In addition, the fair value of the embedded options is calculated for the loan portfolio, and the method applied is based on the customer segment (i.e. retail and non-retail). The measurement of the embedded options in the retail segment is based on behavioral modeling (e.g. linear regression/moving twelve-month average of prepayment rates). The measurement of embedded options in loans in the non-retail segment is based on the assumption that the customer will behave in an entirely rational manner. The embedded options in non-retail loans such as prepayment, disbursement and replenishment are replicated with swaptions and measured using the trinomial tree Hull-White structural model. The Black model, which is based on the log-normal distribution of yields, is generally used to measure interest rate options (caps and floors). As we are in a negative interest rate environment, the shifted log-normal Black model is used to measure interest rate options. It is based on a displaced diffusion model (log-normal distribution with a shift in interest rates).

For bonds, tradable market prices are mostly used. If no quotes are available, a discounted cash flow model is used to value the securities. The yield curve and an adequate credit spread are used as measurement parameters. The credit spread is determined through comparable financial instruments available on the market. Credit default spreads were used to measure a small part of the portfolio. In addition, consideration is given to third party external measurements, which are indicative in all cases. The positions are assigned to levels at the end of the reporting period.

In the Group, well-known conventional market valuation techniques are used to measure OTC derivatives. For example, interest rate swaps, cross currency swaps and forward rate agreements are measured using the customary discounted cash flow model for these products. OTC options, such as foreign exchange options or caps and floors, are based on valuation models which are in line with market standards. In the case of the examples listed, such models would be the Garman-Kohlhagen model, Black-Scholes 1972 and Black 1976. Monte Carlo simulations are used to measure complex options.

Credit value adjustments (CVA) and debit value adjustments (DVA) are also necessary to determine fair value in order to reflect counterparty default risk associated with OTC derivative transactions, especially for contractual partners for whom a credit support annex does not provide protection. This amount represents the respective estimated market value of a security measure which is required to hedge against counterparty credit risk in the Group's OTC derivative portfolios.

The CVA depends on the expected future exposure (expected positive exposure) and the probability of default of the contractual partner. The expected positive exposure is calculated by simulating a large number of scenarios for future points in time, taking into account all available risk factors (e.g. currency and yield curves). OTC derivatives are measured at market values taking into account these scenarios at the respective future points in time and are aggregated at counterparty level in order to then ascertain the expected positive exposure for all points in time. Counterparties with CSA contracts (credit support annex contracts) are taken into account in the calculation. The expected exposures are not calculated directly from simulated market values, but from a future expected change in market values based on a margin period of risk of ten days. In order to determining the probability of default for each counterparty, where direct credit default swap (CDS) quotations are available, the Group calculates the market-based probability of default and, implicitly, the loss-given-default (LGD) for the respective counterparty. The probability of default for counterparties which are not actively traded on the market is calculated by assigning a counterparty's internal rating to a sector and rating specific CDS curve.

The DVA is determined by the expected negative exposure and by RBI's credit quality and represents the value adjustment for own probability of default. The method of calculation is similar to that for the CVA.

No funding value adjustment (FVA) was considered to measure OTC derivatives. RBI is observing market developments and will develop a method to calculate the FVA where appropriate.

In the tables below, the financial instruments reported at fair value in the statement of financial position are grouped according to items in the statement of financial position.

Assets	2021			2020		
in € million	Level I	Level II	Level III	Level I	Level II	Level III
Financial assets - held for trading	**1,574**	**2,526**	**13**	**1,852**	**2,548**	**0**
Derivatives	18	2,114	0	18	2,083	0
Equity instruments	369	0	0	227	0	0
Debt securities	1,186	412	0	1,607	464	0
Loans and advances	0	0	12	0	0	0
Non-trading financial assets - mandatorily fair value through profit/loss	**367**	**149**	**450**	**287**	**134**	**401**
Equity instruments	1	0	0	1	0	0
Debt securities	366	148	29	286	134	3
Loans and advances	0	0	422	0	0	398
Financial assets - designated fair value through profit/loss	**230**	**33**	**0**	**406**	**37**	**14**
Debt securities	230	33	0	406	37	14
Financial assets - fair value through other comprehensive income	**3,694**	**765**	**201**	**3,568**	**1,067**	**134**
Equity instruments	11	0	140	5	18	134
Debt securities	3,683	765	61	3,563	1,049	0
Hedge accounting	**0**	**630**	**0**	**0**	**403**	**0**

Equity and liabilities	2021			2020		
in € million	Level I	Level II	Level III	Level I	Level II	Level III
Financial liabilities - held for trading	**243**	**5,630**	**0**	**495**	**5,485**	**0**
Derivatives	11	1,884	0	15	2,042	0
Short positions	232	17	0	481	21	0
Debt securities issued	0	3,729	0	0	3,422	0
Financial liabilities - designated fair value through profit/loss	**0**	**1,323**	**0**	**0**	**1,507**	**0**
Deposits	0	213	0	0	278	0
Debt securities issued	0	1,110	0	0	1,228	0
Hedge accounting	**0**	**828**	**0**	**0**	**397**	**0**

Movements of financial instruments valued at fair value between Level I and Level II

For securities in the amount of € 18 million, the BVAL value (Bloomberg Evaluation), which represents a derived price, was used in lieu of the BGN value (Bloomberg Generic Price). Consequently, these securities were reclassified from Level I to Level II. The shifts from Level II to Level I relate to bonds in the amount of € 2 million for which market values were available as at the reporting date.

Due to the planned sale of Raiffeisenbank (Bulgaria) EAD and its wholly owned subsidiary Raiffeisen Leasing Bulgaria EOOD, as well as the presentation of these assets as discontinued operations, financial assets recognized at fair value in the amount of € 229 million and liabilities in the amount of € 5 million were reclassified.

Movements in Level III of financial instruments at fair value

The total volume of Level III assets saw a net increase of € 115 million in the reporting period. Essentially, the volume of municipal bonds in the measurement category financial assets measured at fair value through other comprehensive income increased by € 67 million net, while financial instruments recognized at fair value saw a net increase of € 49 million. A loan of around € 12 million was classified as held for trading upon initial recognition. Around € 6 million is based on exchange rate fluctuations, while € 11 million relates to the planned sale of Raiffeisenbank (Bulgaria) EAD and its wholly owned subsidiary Raiffeisen Leasing Bulgaria EOOD. This reclassification is presented in the column change in consolidated group.

Assets in € million	As at 1/1/2021	Change in consolidated group	Exchange differences	Additions	Disposals
Financial assets - held for trading	0	0	0	25	(13)
Non-trading financial assets - mandatorily fair value through profit/loss	401	(11)	(6)	144	(70)
Financial assets - designated fair value through profit/loss	14	0	0	0	(14)
Financial assets - fair value through other comprehensive income	134	(4)	0	11	(20)
Total	**549**	**(15)**	**(6)**	**179**	**(116)**

Assets in € million	Gains/loss in P/L	Gain/loss in other comprehensive income	Transfer to Level III	Transfer from Level III	As at 31/12/2021
Financial assets - held for trading	0	0	0	0	13
Non-trading financial assets - mandatorily fair value through profit/loss	(7)	0	0	0	450
Financial assets - designated fair value through profit/loss	0	0	0	0	0
Financial assets - fair value through other comprehensive income	(1)	13	67	0	201
Total	**(8)**	**13**	**67**	**0**	**664**

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

Equity and liabilities in € million	Gains/loss in P/L	Gain/loss in other comprehensive income	Transfer to Level III	Transfer from Level III	As at 31/12/2021
Financial liabilities - held for trading	0	0	0	0	0
Total	**0**	**0**	**0**	**0**	**0**

Qualitative information on the valuation of financial instruments in Level III

Assets 2021	Fair value in € million	Valuation technique	Significant unobservable inputs	Range of unobservable inputs
Financial assets - held for trading	**13**			
Subordinated capital	0	Price (expert opinion)	Price	-
Treasury bills, fixed coupon bonds	0	DCF method	All base rate of last auction (interest rate curve)	0.59 - 1.51%
Forward foreign exchange contracts	0	DCF method	Interest rate curve	10 - 30%
Loans	12	DCF method, Financial option pricing: Black-Scholes (shifted)	Funding curves (for liquidity costs) CDS curves	0.07 - 1.52% 1.16 - 3.38%
Non-trading financial assets - mandatorily fair value through profit/loss	**450**			
Other interests	0	Simplified net present value method Expert opinion	–	–
Bonds, notes and other non fixed-interest securities	29	Net Asset Value Expert opinion	Haircuts (Auction-) Price	20 - 50% -
Loans	422	Retail: DCF method (incl. prepayment option, withdrawal option etc.) Non Retail: DCF method/Financial option pricing (Black-Scholes (shifted) model; Hull-White model)	Discount spread (new business) Funding curves (for liquidity costs) Credit risk premium (CDS curves)	1.46 - 3.54% over all currencies -0.69 -1.54% over all currencies 0.05 - 9.18% (depending on the rating: from AA to CCC)
Financial assets - designated fair value through profit/loss	**0**			
Fixed coupon bonds	0	Net Asset Value Expert opinion	Price	–
Financial assets - fair value through other comprehensive income	**201**			
Other interests	36	Dividend discount model Simplified income approach DCF method	Credit spread Cash flow Discount rate Dividends Beta factor	–
Other interests	50	Adjusted net asset value	Adjusted equity	–
Other interests	53	Market comparable companies Transaction price Valuation report (expert judgement) Cost minus impairment	EV/Sales EV/EBIT P/E P/B	–
Municipal bonds	61	DCF method	Discount spread	–
Total	**664**			

Equity and liabilities 2021	Fair value in € million	Valuation technique	Significant unobservable inputs	Range of unobservable inputs
Financial liabilities - held for trading	**0**			
Forward foreign exchange contracts	0	DCF method	Interest rate curve	10 - 30%
Total	**0**			

Sensitivity of the fair value of financial assets (Level III) and liabilities measured at fair value

Calculations of unobservable input parameters are mainly based on changes in credit spreads for bonds and loans as well as market values of comparable equities. For bonds and loans, an increase (decrease) in credit spread of 100 basis points (75 basis points) leads to a corresponding decrease (increase) in fair value. For unquoted equity instruments an increase (decrease) in price of 10 per cent leads to a corresponding increase (decrease) in fair value.

Financial assets

	2021			2020		
	Carrying amount	Fair value changes		Carrying amount	Fair value changes	
in € million	Level III	Positive	Negative	Level III	Positive	Negative
Loans and advances	434	39	(29)	398	22	(24)
Debt securities	29	3	(3)	16	2	(2)
Income statement effect	**463**	**42**	**(32)**	**415**	**24**	**(25)**

	2021			2020		
	Carrying amount	Fair value changes		Carrying amount	Fair value changes	
in € million	Level III	Positive	Negative	Level III	Positive	Negative
Debt securities	61	2	(2)	0	0	0
Equity instruments	140	13	(16)	134	12	(11)
Other comprehensive income effect	**201**	**15**	**(18)**	**134**	**12**	**(11)**

Fair value of financial instruments not reported at fair value

For the following instruments, the fair value is calculated only for the purposes of providing information in the notes and has no impact on the consolidated statement of financial position or on the consolidated income statement. A simplified fair value calculation method for retail and non-retail portfolios is applied for all short-term transactions (transactions with maturities up to three months). The fair value of these short-term transactions will be equal to the carrying amount of the product. For the other transactions, the methodology as described in the section entitled Fair value of financial instruments reported at fair value is applied.

2021 in € million	Level I	Level II	Level III	Fair value	Carrying amount	Difference
Assets						
Cash, cash balances at central banks and other demand deposits	**0**	**38,557**	**0**	**38,557**	**38,557**	**0**
Financial assets - amortized cost	**12,684**	**1,788**	**120,195**	**134,667**	**132,645**	**2,022**
Debt securities	12,684	1,788	1,052	15,524	15,617	(93)
Loans and advances	0	0	119,143	119,143	117,028	2,115
Equity and liabilities						
Financial liabilities - amortized cost	**132**	**10,689**	**150,827**	**161,648**	**161,285**	**362**
Deposits from banks and customers[1]	0	0	149,147	149,147	149,133	14
Debt securities issued	132	10,689	826	11,647	11,299	348
Other financial liabilities	0	0	853	853	853	0

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

2020 in € million	Level I	Level II	Level III	Fair value	Carrying amount	Difference
Assets						
Cash, cash balances at central banks and other demand deposits	**0**	**33,660**	**0**	**33,660**	**33,660**	**0**
Financial assets - amortized cost	**12,516**	**1,461**	**105,529**	**119,505**	**116,596**	**2,909**
Debt securities	12,516	1,461	669	14,646	14,371	275
Loans and advances	0	0	104,859	104,859	102,225	2,634
Equity and liabilities						
Financial liabilities - amortized cost	**0**	**10,232**	**131,523**	**141,755**	**141,281**	**473**
Deposits from banks and customers[1]	0	0	130,685	130,685	130,501	184
Debt securities issued	0	10,232	403	10,636	10,346	289
Other financial liabilities	0	0	434	434	434	0

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

(34) Loan commitments, financial guarantees and other commitments

in € million	2021	2020
Loan commitments given	42,601	34,803
Financial guarantees given	8,900	7,228
Other commitments given	4,548	3,656
Total	**56,050**	**45,687**
Provisions for off-balance sheet items according to IFRS 9	(185)	(174)

In addition to the provisions for off-balance sheet risks in accordance with IFRS 9, provisions for other commitments issued in accordance with IAS 37 were recognized in the amount of € 2 million (previous year: € 1 million).

Nominal value and provisions for off-balance sheet liabilities from commitments and financial guarantees according to IFRS 9 - in accordance with § 51 (13) of the Austrian Banking Act (BWG):

2021 in € million	Nominal amount Stage 1	Stage 2	Stage 3	Provisions for off-balance sheet items according to IFRS 9 Stage 1	Stage 2	Stage 3
Central banks	0	0	0	0	0	0
General governments	433	65	0	0	0	0
Banks	2,203	95	0	0	0	0
Other financial corporations	6,111	727	8	(2)	(7)	(1)
Non-financial corporations	36,388	4,271	189	(31)	(66)	(48)
Households	4,552	991	16	(9)	(11)	(10)
Total	**49,688**	**6,149**	**213**	**(43)**	**(84)**	**(58)**

2020 in € million	Nominal amount Stage 1	Stage 2	Stage 3	Provisions for off-balance sheet items according to IFRS 9 Stage 1	Stage 2	Stage 3
Central banks	0	0	0	0	0	0
General governments	377	2	0	0	0	0
Banks	1,994	108	0	0	0	0
Other financial corporations	4,991	264	11	(2)	(3)	(1)
Non-financial corporations	27,257	5,742	232	(36)	(49)	(60)
Households	3,629	1,068	12	(7)	(7)	(9)
Total	**38,248**	**7,183**	**255**	**(45)**	**(59)**	**(71)**

(35) Credit quality analysis

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

Grouping of assets by probability of default:

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

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

2021 in € million	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	POCI Lifetime ECL	Total
Excellent	18,157	1,904	0	2	20,063
Strong	36,668	3,586	0	1	40,255
Good	37,293	6,917	0	10	44,220
Satisfactory	16,028	5,317	0	18	21,364
Substandard	1,250	2,094	0	8	3,351
Credit impaired	0	0	2,432	277	2,709
Not rated	2,928	260	41	20	3,250
Gross carrying amount	**112,323**	**20,079**	**2,473**	**336**	**135,212**
Accumulated impairment	(195)	(687)	(1,567)	(118)	(2,567)
Carrying amount	**112,128**	**19,392**	**906**	**218**	**132,645**

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

The category unrated mainly includes financial assets for households (predominantly in the Czech Republic), for whom no ratings are available. The rating is therefore based on qualitative factors.

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

2021 in € million	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	POCI Lifetime ECL	Total
Excellent	1,197	0	0	0	1,197
Strong	2,082	21	0	0	2,103
Good	914	2	0	0	916
Satisfactory	231	27	0	0	259
Substandard	0	0	0	0	0
Credit impaired	0	0	0	0	0
Not rated	36	0	0	0	36
Gross carrying amount[1]	**4,461**	**50**	**0**	**0**	**4,511**
Accumulated impairment	(1)	0	0	0	(2)
Carrying amount	**4,460**	**50**	**0**	**0**	**4,509**

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

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

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

The category unrated includes financial assets for several retail customers for whom no ratings are available. The rating is therefore based on qualitative factors.

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

2021 in € million	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Excellent	1,503	178	0	1,681
Strong	20,312	1,729	0	22,041
Good	20,778	2,383	0	23,161
Satisfactory	6,267	1,486	0	7,753
Substandard	212	290	0	501
Credit impaired	0	0	211	211
Not rated	616	84	1	702
Nominal amount	**49,688**	**6,149**	**213**	**56,050**
Provisions for off-balance sheet items according to IFRS 9	(43)	(84)	(58)	(185)
Nominal amount after provisions	**49,645**	**6,065**	**154**	**55,864**

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

The category unrated includes off-balance sheet commitments for several retail customers for whom no ratings are available. The rating is therefore based on qualitative factors.

(36) Collateral and maximum exposure to credit risk

The following table contains details of the maximum exposure as the basis for the following disclosures regarding collateral:

2021	Maximum exposure to credit risk		
in € million	Not subject to impairment standards	Subject to impairment standards	hereof loans and advances non-trading as well as loan commitments, financial guarantees and other commitments
Financial assets - amortized cost	0	135,212	119,587
Financial assets - fair value through other comprehensive income[1]	0	4,511	0
Non-trading financial assets - mandatorily fair value through profit/loss	965	0	422
Financial assets - designated fair value through profit/loss	264	0	0
Financial assets - held for trading	3,743	0	0
On-balance	**4,972**	**139,723**	**120,008**
Loan commitments, financial guarantees and other commitments	0	56,050	56,050
Total	**4,972**	**195,772**	**176,058**

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

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

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

RBI employs a range of policies to mitigate credit risk, the most common of which is the acceptance of collateral for loans and advances provided. A valuation of collateral is performed during the credit approval process. This is then reviewed periodically using various validation processes. The main types of collateral which are accepted in RBI Group are residential and commercial real estate collateral, financial collateral, guarantees and movable goods. Long-term financing is generally secured and revolving credit facilities are generally unsecured. Debt securities are mainly unsecured. Derivatives can be secured by cash or master netting agreements. Collateral from leasing business primarily consist of the value of the leased assets themselves. Items shown in cash and cash equivalents are considered to have negligible credit risk. Collateral is taken into account uniformly on the basis of Group directives. The Group directives regarding obtaining collateral were not significantly changed during the reporting period; however, they are updated on a yearly basis.

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

2021 in € million	Maximum exposure to credit risk	Fair value of collateral	Credit risk exposure net of collateral
Central banks	12,005	318	11,688
General governments	1,386	740	646
Banks	4,629	1,658	2,971
Other financial corporations	11,304	5,036	6,268
Non-financial corporations	51,500	23,355	28,145
Households	39,183	25,411	13,772
Loan commitments, financial guarantees and other commitments	56,050	9,024	47,026
Total	**176,058**	**65,542**	**110,516**

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

Almost two thirds of collateral which can be considered by RBI relate to loans collateralized by immovable property and of this more than 70 per cent is residential immovable property. Additional collateral mainly comes from guarantees received which include reverse repo and securities lending business, among other things.

Details of the maximum exposure from financial assets in Stage 3 and the corresponding collateral:

2021 in € million	Maximum exposure to credit risk (Stage 3)	Fair value of collateral (Stage 3)	Credit risk exposure net of collateral (Stage 3)	Impairment (Stage 3)
Central banks	0	0	0	0
General governments	0	0	0	0
Banks	4	0	4	(4)
Other financial corporations	92	5	87	(36)
Non-financial corporations	1,367	420	948	(838)
Households	1,009	230	779	(689)
Loan commitments, financial guarantees and other commitments	213	20	193	(58)
Total	**2,686**	**674**	**2,012**	**(1,625)**

2020 in € million	Maximum exposure to credit risk (Stage 3)	Fair value of collateral (Stage 3)	Credit risk exposure net of collateral (Stage 3)	Impairment (Stage 3)
Central banks	0	0	0	0
General governments	2	0	2	(2)
Banks	3	0	3	(3)
Other financial corporations	88	5	82	(32)
Non-financial corporations	1,469	424	1,045	(871)
Households	1,037	213	823	(725)
Loan commitments, financial guarantees and other commitments	255	19	236	(71)
Total	**2,853**	**662**	**2,192**	**(1,704)**

RBI holds an immaterial amount of repossessed assets on the statement of financial position.

(37) Expected credit losses

Expected credit losses from financial instruments should reflect an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes, the time value of money and reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

General approach

The measurement of impairment for expected credit loss on financial assets measured at amortized cost and fair value through other comprehensive income is an area that requires the use of models and assumptions about future economic conditions and payment behavior. Judgments are required in applying the accounting requirements for measuring expected credit losses, inter alia:

- Determining criteria for a significant increase in credit risk
- Choosing appropriate models and assumptions for the measurement of expected credit losses
- Consideration of risk factors beyond the current models
- Establishing the number and relative weightings of forward-looking scenarios for each type of product/market and the associated expected credit losses
- Establishing groups of similar financial assets for the purposes of measuring expected credit losses.

Credit risk is the risk of suffering financial loss should customers, clients or market counterparties fail to fulfil their contractual obligations or fail to do so on time. Credit risk arises mainly from interbank, commercial and personal loans, and loan commitments, but can also arise from financial guarantees given, such as, credit guarantees, letters of credit, and acceptances.

Other credit risks arise from investments in debt securities and from trading activities (trading credit risks), as well as from settlement balances with market counterparties and reverse repurchase agreements.

Models are applied in order to estimate the likelihood of defaults occurring, the associated default ratios and the default correlations between counterparties. RBI measures credit risks using the probability of default (PD), exposure at default (EAD) and loss given default (LGD).

IFRS 9 prescribes a three-stage model for impairment based on changes in credit quality from the point of initial recognition. A financial instrument that is not credit-impaired on initial recognition is generally classified in Stage 1. If a significant increase in credit risk is identified after initial recognition, the financial instrument is moved to Stage 2. If the financial instrument is deemed credit-impaired, it is then moved to Stage 3.

For financial instruments in Stage 1, the expected credit loss is measured at an amount equal to the portion of lifetime expected credit losses that result from default events possible within the next twelve months and recognized in profit or loss. Instruments in Stages 2 or 3 have their expected credit losses measured based on total expected credit losses on a lifetime basis. According to IFRS 9, when measuring expected credit losses, it is necessary to consider forward-looking information. For purchased or originated credit-impaired (POCI) financial assets, expected credit loss is always measured on a lifetime basis.

Significant increase in the credit risk

RBI Group considers a financial instrument to have experienced a significant increase in credit risk when one or more of the following quantitative, qualitative or backstop criteria have been met:

Quantitative criteria

RBI uses quantitative criteria as the primary indicator of significant increase in credit risk for all material portfolios plus additionally qualitative criteria like 30 days past due or forbearance measures as backstop. For quantitative staging RBI compares the lifetime PD curve at reporting date with the forward lifetime PD curve at the date of initial recognition. Given the different nature of products between non-retail and retail, the methods for assessing potential significant increases in credit risk also differ slightly.

In order to make the two curves for credit risk of non-retail customers comparable, the PDs are scaled down to annualized PDs. A significant increase in credit risk is considered to have occurred if the PD increase was 250 per cent or greater. For longer maturities the threshold of 250 per cent is reduced to account for a maturity effect.

For retail exposures, the remaining cumulative PDs are compared as the logit difference between lifetime PD at reporting date and lifetime PD at origination conditional to survival up to the reporting date. A significant increase in credit risk is considered to have occurred once this logit difference is above a certain threshold. The threshold levels are calculated separately for each portfolio which is covered by individual rating-based lifetime PD models. Based on historical data, the thresholds are estimated as the 50th quantile of the distribution of the above-mentioned logit differences on the worsening portfolio (defined by country and product such as mortgage loans, credit cards, SME loans for each country). This way, 50 per cent of the worsening in the lifetime PDs with the highest magnitude is deemed significant. That usually translates to a PD increase between 150 and up to 250 per cent, dependent on the default behavior of the different portfolios.

RBI is developing an adjusted methodology for retail exposures following the implementation of the ECB/EBA IRB repair package on internal (Pillar 1) models. It has already been implemented in the Croatian subsidiary in 2021 and will be introduced to the rest of the RBI retail portfolios in 2022 – the expected effects are neutral from a current perspective on the expected credit losses at group level. The current approach is slightly adjusted to account for the underlying change in pillar 1 calibration philosophy, which while still following a hybrid approach (mix of stable over the credit cycle and following the cycle) is more focused on stability. Due to the higher stability of the rating classification of individual loan claims, this leads to smaller differences on the logits and therefore the quantile will be chosen based on three criteria. The quantile should be still in range of 150 per cent to 250 per cent relative increase; observed volatility of shares of Stage 2 over time as well as the historic observed levels of Stage 2 on portfolio level should be the guidance. The general reference values are defined on product level and range from 65 per cent to 75 per cent based on the experience gained during method development for the available selected portfolios.

Qualitative criteria

RBI uses qualitative criteria in addition to quantitative criteria to recognize a significant increase in credit risk for all material portfolios. A movement to Stage 2 takes place when the criteria below are met.

For the corporate customer, sovereign, bank and project finance portfolios, a transfer takes place if the borrower meets one or more of the following criteria:

- Detection of first signs of credit deterioration in the early warning system
- Changes in contract terms as a forbearance measure
- External risk factors with a potentially significant impact on the client's repayment ability

The assessment of a significant increase in credit risk incorporates forward-looking information and is performed on a quarterly basis at an individual transaction level for all corporate customer, sovereign, bank and project finance portfolios held by RBI.

For retail portfolios, a Stage 2 transfer takes place if the borrower meets one or more of the following qualitative criteria:

- Forbearance flag active
- Default of material exposure (> 20 per cent of total exposure) of the same customer on another product (PI segment)
- Holistic approach – applicable for cases where new forward-looking information becomes available for a segment or portion of the portfolio and this information is not yet captured in the rating system. If such cases are identified, management measures this portfolio with lifetime expected credit losses (as a collective assessment).

The assessment of significant increase in credit risk incorporates forward-looking information and is performed on a monthly basis at an individual transaction level for all retail portfolios held by RBI.

Backstop

A backstop is applied, and the financial instrument considered to have experienced a significant increase in credit risk if the borrower is more than 30 days overdue on its contractual payments. In a few limited cases, financial assets which are more than 30 days overdue may not show a significantly higher credit risk.

Low credit risk exemption

In selected cases for mostly sovereign debt securities, RBI makes use of the low credit risk exemption. All securities which are presented as low credit risk have a rating equivalent to investment grade or better i.e. minimum S&P BBB-, Moody's Baa3 or Fitch BBB-. RBI has not used the low credit risk exemption for any lending business.

Definition of default and credit-impaired assets

RBI uses the same definition of default for the purposes of calculating expected credit losses under IFRS 9 as for its CRR equity statement (Basel 3). This definition also places a defaulted receivable in Stage 3.

Default is assessed by referring to quantitative and qualitative triggers. Firstly, a borrower is considered to be defaulted, if they are assessed to be more than 90 days past due. Secondly, a borrower is considered to be in default if they are in significant financial difficulty and are unlikely to repay any credit obligation in full. The default definition has been applied consistently to model the Probability of Default (PD), Exposure at Default (EAD) and Loss given Default (LGD) throughout RBI's expected loss calculations

Explanation of inputs, assumptions and estimation techniques

The expected credit loss is measured on either a twelve-month or lifetime basis depending on whether a significant increase in credit risk has occurred since initial recognition or whether an asset is considered to be credit-impaired. Forward-looking economic information is also included in determining the twelve -month and lifetime PD, EAD and LGD. These assumptions vary by product type. Expected credit losses are the discounted product of the probability of default (PD), loss given default (LGD), exposure at default (EAD) and discount factor (D).

Probability of Default (PD)

The probability of default represents the likelihood of a borrower defaulting on its financial obligation either over the next twelve months or over the remaining lifetime of the obligation. In general, the lifetime probability of default is calculated using the regulatory twelve-month probability of default, stripped of any conservative adjustments, as a starting point. Thereafter various statistical methods are used to generate an estimate of how the default profile will develop from the point of initial recognition throughout the lifetime of the loan or portfolio of loans. The default profile is based on historical observed data and parametric functions.

Different models have been used to estimate the default profile of outstanding lending amounts and these can be grouped into the following categories:

- Corporate customers, project finance and financial institutions: The default profile is generated using a parametric survival regression (Weibull) approach. Forward-looking information is incorporated into the probability of default using the Vasicek one factor model. The default rate calibration is based on Kaplan Maier methodology with withdrawal adjustment.
- Retail lending and mortgage loans: The default profile is generated using parametric survival regression in competing risk frameworks. Forward-looking information is incorporated into the probability of default using satellite models.
- Sovereigns, local and regional governments, insurance companies and collective investment undertakings: The default profile is generated using a transition matrix approach. Forward-looking information is incorporated into the probability of default using the Vasicek one factor model.

In the limited circumstances where some inputs are not fully available grouping, averaging and benchmarking of inputs is used for the calculation.

Loss Given Default (LGD)

Loss given default represents RBI's expectation of the extent of loss on a defaulted exposure. Loss given default is expressed as a percentage loss per unit of exposure at the time of default. Loss given default is calculated on a twelve-month or lifetime basis, where twelve-month loss given default is the percentage of loss expected to be made if the default occurs in the next twelve months and lifetime loss given default is the percentage of loss expected to be made if the default occurs over the remaining expected lifetime of the loan.

Different models are used to estimate the loss given default of outstanding lending amounts and these can be grouped into the following categories:

- Corporate customers, project finance, financial institutions, local and regional governments, insurance companies: The loss given default is generated by discounting cash flows collected during the workout process. Forward-looking information is incorporated into the loss given default using the Vasicek model.
- Retail lending and mortgage loans: The loss given default is generated by stripping the downturn adjustments and other margins of conservatism from the regulatory loss given default. Forward-looking information is incorporated into the loss given default using various satellite models.
- Sovereigns: The loss given default is found by using market implied sources.

In the limited circumstances where some inputs are not fully available, alternative recovery models, benchmarking of inputs and expert judgment are used for the calculation.

Exposure at Default (EAD)

Exposure at default is based on the amount RBI expects to be owed at the time of default. The twelve-month and lifetime EADs are determined based on the expected payment profile, which varies by product type. For amortizing products and bullet repayment loans, this is based on the contractual repayments owed by the borrower over a twelve-month or lifetime basis. If not already taken into account in the PD estimate over the loan term, early (full) repayment/refinance assumptions are also considered in the calculation.

For revolving products, the exposure at default is predicted by taking current drawn balance and adding a credit conversion factor which allows for the expected drawdown of the remaining limit by the time of default. The prudential regulatory margins are removed from the credit conversion factor. In the limited circumstances where some inputs are not fully available benchmarking of inputs is used for the calculation.

Discount factor (D)

In general, financial assets and assets off the statement of financial position which are not leasing or POCI, the discount rate used in the expected credit loss calculation is the effective interest rate or an approximation thereof.

Calculation

For loans in Stage 1 and 2, the expected credit loss is the product of PD, LGD and EAD times the probability not to default prior to the considered time period. The latter is expressed by the survivorship function S. This calculates future values of expected credit losses, which are then discounted back to the reporting date and summed. The calculated values of expected credit losses are then weighted by forward-looking scenario.

Different models have been used to estimate the provisions in Stage 3, and these can be grouped into the following categories:

- Corporate customers, project finance, sovereigns, financial institutions, local and regional governments, insurance companies and collective investment undertakings: Stage 3 provisions are calculated by workout managers who discount expected cash flows by the appropriate effective interest rate.
- For retail loans Stage 3 impairments are determined for the majority of Group units by calculating the statistically derived best estimate of expected loss adjusted for indirect costs.

Shared credit risk characteristics

Almost all of the provisions under IFRS 9 are measured collectively. Only for non-retail Stage 3 are most of the provisions individually assessed. For expected credit losses provisions modelled on a collective basis a grouping of exposures is performed on the basis of shared credit risk characteristics so that the exposures within each group are similar. Retail exposure characteristics are grouped on country level, customer classification (households and SMEs), product level (e.g. mortgage, personal loans, overdraft facilities or credit cards), PD rating grades and LGD pools. Each combination of the above characteristics is considered as a group with a uniform expected loss profile. Non-retail exposure characteristics are assigned to a probability of default according to rating grades and customer segments. This groups customer types into individual assessment models. For the determination of LGD and EAD parameters, the portfolio is grouped by country and product.

Forward-looking information

The assessment of significant increases in credit risk and the calculation of expected credit losses both incorporate forward-looking information. RBI has performed historical analysis and identified the key economic variables impacting credit risk and expected credit losses for each portfolio.

These economic variables and their associated impact on the probability of default, loss given default and exposure at default vary by category. Forecasts of these economic variables (the base economic scenario) are provided by Raiffeisen Research on a quarterly basis and provide the best estimate view of the economy over the next three years. Beyond three years, no macroeconomic adjustment is carried out. That means that after three years, to project the economic variables for the full remaining lifetime of each instrument, a mean reversion approach has been used, which means that economic variables tend to revert to either a long-term average rate or a long-term average growth rate until maturity. The impact of these economic variables on the probability of default, loss given default and exposure at default has been determined by performing statistical regression to understand the impact changes in these variables have had historically on default rates and on the components of loss given default and exposure at default. These satellite models are calibrated with pre-pandemic data. Therefore, there is still a need for adjustment during the pandemic in order to reflect the current risk factors in the impairment.

In addition to the base economic scenario, Raiffeisen Research also estimates an optimistic and a pessimistic scenario to ensure non-linearities are captured.

For the pessimistic and optimistic scenarios, the methodology was adjusted due to the COVID-19 pandemic. In order to account for the downside risks for the GDP baseline scenarios, more weight was given to the pessimistic scenario. The high inflation rates have changed the interest rate outlook in Central Europe. While the ECB is expected to scale back its expansionary monetary policy rather cautiously and leave the key interest rates unchanged, some countries in Central Europe are already close to the end of the rate hike cycle. Due to increased inflation risks, the pessimistic scenario implies even higher interest rates.

As with any economic forecasts, the projections and likelihoods of occurrence are subject to a high degree of inherent uncertainty and therefore the actual outcomes may be significantly different to those projected. RBI considers these forecasts to represent its best estimate of the future outcomes and cover any potential non-linearities and asymmetries within RBI's different portfolios.

The most significant assumptions used as a starting point for the expected credit loss estimates at year-end are shown below (source: Raiffeisen Research, November 2021).

		Real GDP			Unemployment		
		2022	2023	2024	2022	2023	2024
Bulgaria	Optimistic	5.3%	4.8%	4.3%	1.5%	2.6%	2.4%
	Base	4.0%	4.0%	3.5%	4.8%	4.5%	4.3%
	Pessimistic	1.3%	2.5%	2.0%	9.5%	7.1%	6.9%
Croatia	Optimistic	6.1%	4.9%	4.0%	3.6%	4.7%	4.5%
	Base	4.4%	4.0%	3.1%	6.8%	6.5%	6.3%
	Pessimistic	1.1%	2.2%	1.3%	11.2%	8.9%	8.7%
Austria	Optimistic	5.5%	2.7%	2.2%	4.7%	4.7%	4.5%
	Base	4.5%	2.2%	1.6%	5.3%	5.0%	4.8%
	Pessimistic	2.5%	1.0%	0.5%	6.1%	5.4%	5.2%
Poland	Optimistic	6.0%	5.1%	4.1%	2.1%	3.2%	2.5%
	Base	5.1%	4.6%	3.6%	5.7%	5.2%	4.5%
	Pessimistic	3.3%	3.6%	2.6%	10.7%	8.0%	7.3%
Russia	Optimistic	3.1%	2.5%	2.5%	3.3%	3.8%	3.8%
	Base	1.3%	1.5%	1.5%	4.5%	4.5%	4.5%
	Pessimistic	(1.0)%	0.2%	0.2%	7.1%	5.9%	5.9%
Romania	Optimistic	6.5%	5.5%	5.3%	4.2%	4.0%	3.8%
	Base	4.7%	4.5%	4.3%	5.1%	4.6%	4.3%
	Pessimistic	1.2%	2.6%	2.4%	7.1%	5.6%	5.4%
Slovakia	Optimistic	6.6%	5.4%	2.8%	3.6%	3.9%	3.8%
	Base	5.0%	4.5%	2.0%	6.9%	5.7%	5.6%
	Pessimistic	1.9%	2.7%	0.2%	11.5%	8.3%	8.2%
Czech Republic	Optimistic	5.7%	3.7%	3.4%	2.4%	2.9%	2.8%
	Base	4.4%	3.0%	2.6%	3.7%	3.6%	3.5%
	Pessimistic	1.6%	1.4%	1.1%	5.4%	4.5%	4.5%
Hungary	Optimistic	6.9%	4.3%	4.6%	2.1%	2.8%	3.1%
	Base	5.5%	3.5%	3.8%	3.9%	3.8%	4.2%
	Pessimistic	2.8%	2.0%	2.3%	6.4%	5.2%	5.6%

		Long-term bond rate			Real estate prices		
		2022	2023	2024	2022	2023	2024
Bulgaria	Optimistic	(0.5)%	0.1%	0.1%	11.9%	8.4%	8.4%
	Base	0.4%	0.6%	0.6%	4.0%	4.0%	4.0%
	Pessimistic	2.9%	2.0%	2.0%	(3.3)%	0.0%	0.0%
Croatia	Optimistic	(0.1)%	0.4%	0.5%	9.9%	6.7%	5.7%
	Base	0.8%	0.9%	1.0%	5.0%	4.0%	3.0%
	Pessimistic	3.1%	2.2%	2.3%	0.5%	1.5%	0.5%
Austria	Optimistic	(0.6)%	0.2%	0.2%	7.0%	5.1%	5.1%
	Base	0.1%	0.6%	0.6%	5.0%	4.0%	4.0%
	Pessimistic	1.6%	1.4%	1.5%	3.2%	3.0%	3.0%
Poland	Optimistic	1.9%	1.8%	1.9%	9.1%	5.7%	5.7%
	Base	2.9%	2.4%	2.5%	6.0%	4.0%	4.0%
	Pessimistic	5.9%	4.1%	4.2%	3.2%	2.4%	2.4%
Russia	Optimistic	6.7%	6.8%	6.7%	11.2%	6.9%	6.9%
	Base	7.8%	7.4%	7.3%	6.0%	4.0%	4.0%
	Pessimistic	10.7%	9.0%	8.9%	(1.8)%	(0.3)%	(0.3)%
Romania	Optimistic	3.5%	4.1%	3.9%	7.5%	5.7%	5.7%
	Base	5.0%	5.0%	4.8%	3.5%	3.5%	3.5%
	Pessimistic	6.3%	5.7%	5.5%	(0.1)%	1.5%	1.5%
Slovakia	Optimistic	(0.1)%	0.4%	0.5%	13.3%	8.5%	8.5%
	Base	0.7%	0.8%	0.9%	7.0%	5.0%	5.0%
	Pessimistic	2.8%	2.0%	2.1%	1.2%	1.8%	1.8%
Czech Republic	Optimistic	1.7%	2.4%	2.6%	9.3%	5.8%	5.8%
	Base	2.5%	2.8%	3.0%	6.0%	4.0%	4.0%
	Pessimistic	4.7%	4.0%	4.2%	3.0%	2.3%	2.3%
Hungary	Optimistic	2.9%	3.5%	3.5%	9.2%	6.9%	6.9%
	Base	3.9%	4.0%	4.0%	4.0%	4.0%	4.0%
	Pessimistic	6.6%	5.5%	5.5%	(0.7)%	1.4%	1.4%

		Consumer price index		
		2022	2023	2024
Bulgaria	Optimistic	5.8%	4.3%	4.3%
	Base	2.8%	2.6%	2.6%
	Pessimistic	0.2%	1.1%	1.1%
Croatia	Optimistic	3.6%	2.6%	2.6%
	Base	2.2%	1.8%	1.8%
	Pessimistic	0.6%	0.9%	0.9%
Austria	Optimistic	4.2%	2.9%	2.4%
	Base	3.6%	2.6%	2.1%
	Pessimistic	2.9%	2.2%	1.7%
Poland	Optimistic	8.0%	4.4%	3.6%
	Base	6.0%	3.3%	2.5%
	Pessimistic	3.8%	2.1%	1.3%
Russia	Optimistic	11.3%	6.6%	6.6%
	Base	6.6%	4.0%	4.0%
	Pessimistic	5.0%	3.1%	3.1%
Romania	Optimistic	8.0%	4.9%	4.2%
	Base	6.3%	4.0%	3.2%
	Pessimistic	2.8%	2.0%	1.3%
Slovakia	Optimistic	7.5%	4.7%	3.4%
	Base	4.9%	3.3%	2.0%
	Pessimistic	2.6%	2.0%	0.7%
Czech Republic	Optimistic	5.1%	3.2%	2.7%
	Base	3.8%	2.5%	2.0%
	Pessimistic	2.4%	1.7%	1.2%
Hungary	Optimistic	6.7%	4.9%	4.3%
	Base	4.4%	3.6%	3.0%
	Pessimistic	1.8%	2.2%	1.6%

For the development of a macroeconomic model, a variety of relevant macroeconomic variables were considered. The model employed is a linear regression model with the aim of explaining changes in or the level of the default rate. The following types of macro variables were considered as drivers of the credit cycle: real GDP growth, unemployment rate, 3-month money market rate, 10-year government bond yield, housing price index, FX rates, and the HICP inflation rate. For each country (or portfolio in case of retail exposure), a relevant set is determined based on the ability to explain historically observed default rates. Through the cycle, PDs are overlaid with the results of the macro-economic model to reflect the current and expected state of economy. For the LGD, the macro model is applied on the underlying cure rates. i.e. a positive macro-economic outlook drives up the cure rates and this reduces the LGD. For retail exposures, the workout LGD is modelled in a similar manner to the default rates either directly or as well via the components like cure rate, loss given cure as well as loss given non-cure. The long-run average LGDs are overlaid with the results of the macro models to reflect current and expected state of economy. The weightings assigned to each scenario at the end of the reporting year-end are as follows: 25 per cent optimistic, 50 per cent base and 25 per cent pessimistic scenarios. These weightings were maintained and no further scenarios were used as a result of the COVID-19 pandemic.

After strong growth year to date, COVID-19 is once more on the rise. With vaccinations still being below desired levels, the risks for another economic weakening during the winter 2021/2022 are elevated. The strong recovery in the first three quarters of 2021 will slow down in 2022, but economic growth will remain above average for most countries. In the baseline scenario it is assumed that most countries will reach pre-crisis levels in 2022. Next to the pandemic, supply chain disruptions and high energy inflation are a risk to economic growth.

Overlays and other risk factors

In situations where the existing input parameters, assumptions and modelling do not cover all relevant risk factors, post-model adjustments and additional risk factors are the most important types of overlays. This is generally the case if there are temporary circumstances, time restrictions to adequately incorporate relevant new information into the rating or re-segmentation of the portfolio and if individual loans within a loan portfolio develop differently than originally expected. Due to the current pandemic situation, it is necessary to reflect additional risks in the impairments. The background to this is the fact that the macroeconomic models are calibrated to the time before COVID-19. All these adjustments are approved by the Group Risk Committee (GRC). In addition to the COVID-19 specific adjustments, there are also other portfolio specific adjustments, which are presented in the category other.

For the central models in the corporate segment, the additional risk was considered using the risk factors, while in the local retail segment the risks were applied on top of the models. For retail exposures, post-model adjustments are the main types of overlays applied for the calculation of the expected credit losses. Generally, post-model adjustments are only a temporary solution to avoid potential distortions. They are temporary and typically not valid for more than one to two years. The overlays relevant for 2021 are shown in the table below and split according to the relevant categories.

2021 in € million	Modelled ECL	Other special risk factors COVID-19 related	Other	Post-model adjustments COVID-19 related	Other	Total
Central banks	0	0	0	0	0	0
General governments	5	0	0	0	0	5
Banks	1	0	0	0	0	1
Other financial corporations	61	0	0	0	0	61
Non-financial corporations	156	253	115	19	0	542
Households	339	0	0	36	26	402
Total	**562**	**253**	**115**	**55**	**26**	**1,011**

2020 in € million	Modelled ECL	Post-model adjustments COVID-19 related		Other		Total		Total
Central banks	0	0	0.0%	0	0.0%	0	0.0%	0
General governments	10	2	16.6%	0	0.0%	2	16.6%	12
Banks	1	0	1.9%	0	0.0%	0	1.9%	1
Other financial corporations	46	0	0.0%	0	0.0%	0	0.0%	46
Non-financial corporations	209	203	97.1%	44	20.9%	246	118.1%	455
Households	334	56	16.8%	18	5.3%	74	22.0%	408
Total	**601**	**261**	**43.4%**	**61**	**10.2%**	**322**	**53.6%**	**922**

The overlays and other risk factors resulted in additional Stage 1 and 2 provisions of € 449 million (previous year: € 322 million), of which € 308 million are COVID-19 related.

Post-model adjustments

The COVID-19 related post-model adjustments reflected the collective impact on the sectors that were especially hard hit by the pandemic: tourism, hotels, further related industries as well as automobile, air travel, oil and gas, real estate and some consumer goods industries. The effects were due to demand shock, supply chain disruptions and crisis containment measures. The related post-model adjustments involve a qualitative assessment of exposures for the expected significant increase in credit risk and their subsequent transfer from Stage 1 to Stage 2. The criteria for the identification of such exposures were predominantly based on the above listed industries (for SMEs) and employment industries (for households) and further refined, where relevant, with information related to the application of the specific moratorium measures. The post-model adjustments are reversed either after the risks have materialized by transferring the affected receivables to Stage 3 or if the expected risks do not materialize.

In 2021, the COVID-19 post-model adjustments for corporate customers were replaced with the more differentiated risk factor methodology described below. In addition, the gradual reduction of the COVID-19 related post-model adjustments for households was started, and this is expected to be completed by the middle of 2022 depending on moratorium expiration and other country specifics. The accounts will either naturally default by this time or no longer be considered as increased credit risk, and the adjustment will be reversed.

Other risk factors

For corporate customers additional expected credit loss effects have been built into the modelled expected credit losses by means of an industry matrix, country specifics or, if necessary, by means of other special risk factors. On top of the existing country-specific view, we use an industry-based differentiation to further modulate risk parameters. This industry matrix combines a short-term state of the industry within the economic cycle and the recovery path on a three-year horizon. For example, for hotels, GDP determines the macroeconomic outlook, while the industry matrix indicates a pessimistic scenario and, on top of that, the special risk factor occupancy drives the elevated level of Stage 2 impairments. Another component of the forward-looking information is the time delay of inflow to non-performing exposure and Stage 3 due to moratoria and support measures. The one-off effect of using the more differentiated methodology has fully compensated for the previous overlay.

The other risk factors include an additional impairment of € 115 million for sanctions and geopolitical risks. Of this amount, € 61 million relates to potential EU and US sanctions on Russia and € 28 million to Belarus. In addition, € 25 million was set aside for geopolitical risks in connection with the Russia-Ukraine conflict. The impairments were recognized considering uncertainties caused by the sanctions and based on RBI's internal monitoring and control approaches.

Currently, the effects of climate-related risk are largely overlaid by the COVID-19 pandemic, the associated distortions and the geopolitical risk in Ukraine, Belarus and Russia. The special risk factors method is designed in such a way that significant risk factors are identified and considered in the calculation of the expected credit losses. Climate-related risks are incorporated here in three ways. Firstly, € 4 million stage 1 and 2 impairments were additionally recognized for the agricultural portfolio in Romania due to the dry period in spring 2021. This is the only special risk factor (SRF) in the non-retail sector that is not related to COVID-19. An increase in such weather extremes is to be expected in the course of climate change. Secondly, the SRF related to COVID-19 are indirectly linked to climate risks. For example, travel restrictions are currently leading to very low occupancy in the city hotel industry. This is the primary reason for related SRFs. In the future, the high CO2 emissions from travel could continue this limited travel activity and the shift from large congresses to online events could lead to a comparable low occupancy rate. Overall, as the COVID-19 SRFs decline, the climate risks in portfolios are expected to appear. Thirdly, in 2021, the individual client underwriting (corporates and project financing) was expanded to include ESG criteria. In addition, a blueprint for the expansion of the lending process with focus on climate risks was approved, expanding the third line of defense model. This qualitative assessment is supported by the further development planned in 2022, also by a quantitative assessment, or work is being done to map the ESG risk on the basis of a separate score at customer level. This scoring is then not only included in the lending process, but also plays an important role for internal control and the later assessment (as soon as enough historical data is available) of the probability of loss. In the medium term, the ESG risks will also be incorporated into the rating models. Thus, new business is determined and influenced according to the new criteria. For the expected credit losses from new business, this leads to a reduction in the climate-related risk.

This path will continue in 2022. RBI has launched a wide range of measures and initiatives that further develop climate risk-sensitive management and assessment; this particularly applies to GhG-intensive sectors such as the oil and gas industry and customers who are exposed to a higher transitory risk due to ESG criteria. Among other things, the identification of climate risks and their modelling is being prepared in the current Europe-wide EBA/ECB climate stress test. The climate risk is integrated into the group-wide risk management. The quantification of GhG emissions and the Green Asset Ratio is also published in the current Sustainability Report.

Sensitivity analysis

To simulate a range for potential changes to estimates and the related change in impairments, the following sensitivity analyses of the most significant assumptions affecting the expected impairments were performed as follows.

The sensitivity analysis involved a recalculation of the impairments for expected credit losses in the existing models. The risk factors and post-model adjustments – except for the Stage 1 simulations – are fully included in all scenarios and are not subject to further adjustments. As a result of the complexity of the model, many drivers are not mutually exclusive.

The tables below provide a comparison between the reported accumulated impairment for expected credit losses for financial assets in Stages 1 and 2 (weighted by 25 per cent optimistic, 50 per cent baseline and 25 per cent pessimistic scenarios), and then each scenario weighted by 100 per cent on its own. The optimistic and pessimistic scenarios do not reflect extreme cases in the sample space of the 25 per cent optimistic and pessimistic scenarios, but rather an economically plausible proxy. This means that these scenarios are at around 25 per cent and 75 per cent respectively on the distribution curve. In general, IFRS 9 specific estimates of risk parameters take historical default information into account and particularly the current economic environment (point in time) without forward-looking information (FLI). The effects of the estimates based on macroeconomic forecasts are shown in the forward-looking component. This information is provided for illustrative purposes.

2021	Accumulated impairment (Stage 1 and 2)		
in € million	Simulated scenario	Point in time component	Forward looking component
100% Optimistic	927	1,051	(124)
100% Base	991	1,051	(60)
100% Pessimistic	1,135	1,051	84
Weighted average (25/50/25%)	**1,011**	**1,051**	**(40)**

2020	Accumulated impairment (Stage 1 and 2)		
in € million	Simulated scenario	Point in time component	Forward looking component
100% Optimistic	822	870	(49)
100% Base	901	870	31
100% Pessimistic	1,068	870	198
Weighted average (25/50/25%)	**922**	**870**	**52**

The macroeconomic scenarios are currently better than the long-term average, which means that the forward-looking component results in a small reversal (€ 40 million).

Below, a positive scenario is presented under the premise that all exposures are classified as Stage 1, and all COVID-19 related risk factors and post-model adjustments, as well as sanction and geopolitical risks, are not relevant.

The tables below show the impact of staging on accumulated impairment for financial assets on the assumption that all accumulated impairment is measured based on twelve-month expected losses (Stage 1).

	Accumulated impairment (Stage 1 and 2)	
in € million	**2021**	**2020**
Accumulated impairment if 100% in Stage 1	427	504
Weighted average (25/50/25%)	1,011	922
Additional amounts in Stage 2 due to staging	584	418

In the following, a negative scenario is presented, which assumes that all exposures are classified as Stage 2. As a result, all COVID-19 related risk factors, post-model adjustments as well as sanction and geopolitical risks are considered in this analysis.

The table below shows the impact of staging on accumulated impairment for financial assets on the assumption that all accumulated impairment is measured based on lifetime expected losses (Stage 2).

	Accumulated impairment (Stage 1 and 2)	
in € million	**2021**	**2020**
Accumulated impairment if 100% in Stage 2	1,701	1,463
Weighted average (25/50/25%)	1,011	922
Additional amounts in Stage 2	691	540

The table below provides a comparison between the reported accumulated impairment for expected credit losses for financial assets in Stage 3 and the pessimistic scenario weighted by 100 per cent. The pessimistic scenario does not reflect an extreme case from the result range of the 25 per cent most pessimistic scenarios, but an economically plausible representative of it.

	Accumulated impairment (Stage 3)	
in € million	**2021**	**2020**
Pessimistic scenario	1,980	2,099
Weighted average	1,625	1,704
Increase in provisions due to pessimistic scenario	355	395

Write-Offs

Loans and debt securities are written-off (either partially or fully) where there is no expectation of payment or recovery. This happens when the borrower no longer has income from operations and collateral values cannot generate sufficient cash flows. For the exposure of companies in bankruptcy, loans are written down to the value of the collateral if the company no longer generates cash flows from its operating business. The retail business takes qualitative factors into account. In cases where no payment has been made for one year, the outstanding amounts are written-off even though impaired assets may remain subject to enforcement activities. For the exposure of companies in gone concern cases, loans are written down to the value of the collateral if the company no longer generates cash flows from its operating business. The contractual amount outstanding on financial assets that were written off and are still subject to enforcement activity was € 1,467 million (previous year: € 1,423 million).

(38) Exposure to credit risk by stages

RBI's credit portfolio is well diversified in terms of type of customer, geographical region and industry. Single name concentrations are also actively managed (based on the concept of groups of connected customers) by limits and regular reporting. As a consequence, portfolio granularity is high. The following tables show the financial assets - amortized cost, by counterparty. This reveals the bank's focus on non-financial corporations and households.

Gross carrying amount

	2021				2020			
in € million	Stage 1	Stage 2	Stage 3	POCI	Stage 1	Stage 2	Stage 3	POCI
Central banks	11,901	108	0	0	7,972	4	0	0
General governments	12,959	523	0	0	11,916	764	2	0
Banks	6,692	129	4	0	6,829	122	3	0
Other financial corporations	9,809	1,979	92	22	8,346	1,431	88	10
Non-financial corporations	42,142	8,464	1,367	173	33,576	11,196	1,469	175
Households	28,821	8,876	1,009	141	26,343	7,746	1,037	136
hereof mortgage	19,112	7,123	413	101	18,132	5,478	423	105
Total	**112,323**	**20,079**	**2,473**	**336**	**94,983**	**21,262**	**2,598**	**321**

Accumulated impairment

	2021				2020			
in € million	Stage 1	Stage 2	Stage 3	POCI	Stage 1	Stage 2	Stage 3	POCI
Central banks	0	0	0	0	0	0	0	0
General governments	(2)	(2)	0	0	(6)	(3)	(2)	0
Banks	0	0	(4)	0	(1)	0	(3)	0
Other financial corporations	(5)	(46)	(36)	(8)	(6)	(36)	(32)	(4)
Non-financial corporations	(93)	(351)	(838)	(76)	(88)	(282)	(871)	(74)
Households	(94)	(288)	(689)	(34)	(85)	(309)	(725)	(42)
hereof mortgage	(22)	(178)	(237)	(24)	(25)	(164)	(247)	(32)
Total	**(195)**	**(687)**	**(1,567)**	**(118)**	**(185)**	**(629)**	**(1,633)**	**(119)**

ECL coverage ratio

	2021				2020			
	Stage 1	Stage 2	Stage 3	POCI	Stage 1	Stage 2	Stage 3	POCI
Central banks	0.0%	0.0%	-	-	0.0%	0.0%	100.0%	–
General governments	0.0%	0.3%	87.8%	0.0%	0.1%	0.4%	97.8%	0.0%
Banks	0.0%	0.0%	82.8%	-	0.0%	0.1%	98.8%	–
Other financial corporations	0.1%	2.3%	39.4%	38.2%	0.1%	2.5%	36.8%	41.8%
Non-financial corporations	0.2%	4.1%	61.3%	43.8%	0.3%	2.5%	59.3%	42.1%
Households	0.3%	3.2%	68.3%	23.8%	0.3%	4.0%	70.0%	30.6%
hereof mortgage	0.1%	2.5%	57.3%	24.2%	0.1%	3.0%	58.3%	30.2%
Total	**0.2%**	**3.4%**	**63.4%**	**35.1%**	**0.2%**	**3.0%**	**62.9%**	**37.2%**

The following breakdown of financial assets – amortized cost by region shows the high level of diversification of RBI's credit business in the European markets:

Gross carrying amount

	2021				2020			
in € million	Stage 1	Stage 2	Stage 3	POCI	Stage 1	Stage 2	Stage 3	POCI
Central Europe	39,629	9,149	818	84	31,460	7,947	787	74
hereof Czech Republic	21,195	3,469	243	36	14,476	2,772	262	14
hereof Hungary	6,066	1,128	190	16	5,256	1,128	137	21
hereof Slovakia	11,355	3,178	234	7	10,027	3,308	226	8
Southeastern Europe	16,279	2,206	573	129	16,204	3,701	681	122
hereof Romania	7,807	918	217	50	6,439	933	218	55
Eastern Europe	18,417	1,787	272	93	14,371	2,343	315	103
hereof Russia	14,852	1,021	201	73	11,364	1,824	248	77
Austria and other[1]	37,999	6,937	809	31	32,948	7,271	816	22
Total	**112,323**	**20,079**	**2,473**	**336**	**94,983**	**21,262**	**2,598**	**321**

1 Austria mainly includes the business of the head office and Raiffeisen Bausparkasse Gesellschaft m.b.H. Other also includes any consolidation effects.

Accumulated impairment

	2021				2020			
in € million	Stage 1	Stage 2	Stage 3	POCI	Stage 1	Stage 2	Stage 3	POCI
Central Europe	(69)	(249)	(501)	(20)	(49)	(228)	(494)	(30)
hereof Czech Republic	(32)	(72)	(127)	6	(23)	(68)	(143)	1
hereof Hungary	(10)	(62)	(81)	(9)	(5)	(53)	(67)	(10)
hereof Slovakia	(24)	(45)	(166)	(4)	(17)	(48)	(157)	(2)
Southeastern Europe	(87)	(140)	(403)	(57)	(77)	(185)	(484)	(60)
hereof Romania	(43)	(63)	(157)	(17)	(39)	(63)	(173)	(18)
Eastern Europe	(36)	(128)	(204)	(30)	(38)	(74)	(203)	(25)
hereof Russia	(25)	(51)	(151)	(24)	(21)	(54)	(154)	(17)
Austria and other[1]	(2)	(170)	(459)	(10)	(20)	(142)	(453)	(5)
Total	**(195)**	**(687)**	**(1,567)**	**(118)**	**(185)**	**(629)**	**(1,633)**	**(119)**

1 Austria mainly includes the business of the head office and Raiffeisen Bausparkasse Gesellschaft m.b.H. Other also includes any consolidation effects.

ECL coverage ratio

	2021				2020			
	Stage 1	Stage 2	Stage 3	POCI	Stage 1	Stage 2	Stage 3	POCI
Central Europe	0.2%	2.7%	61.2%	24.3%	0.2%	2.9%	62.8%	40.7%
hereof Czech Republic	0.2%	2.1%	52.4%	-	0.2%	2.4%	54.5%	–
hereof Hungary	0.2%	5.5%	42.4%	52.4%	0.1%	4.7%	48.9%	48.3%
hereof Slovakia	0.2%	1.4%	70.9%	56.2%	0.2%	1.5%	69.2%	30.0%
Southeastern Europe	0.5%	6.4%	70.4%	44.3%	0.5%	5.0%	71.1%	49.4%
hereof Romania	0.5%	6.9%	72.3%	33.1%	0.6%	6.8%	79.3%	32.0%
Eastern Europe	0.2%	7.2%	74.8%	32.4%	0.3%	3.2%	64.5%	23.8%
hereof Russia	0.2%	5.0%	75.2%	33.0%	0.2%	3.0%	62.2%	22.7%
Austria and other[1]	0.0%	2.4%	56.8%	33.8%	0.1%	2.0%	55.5%	20.6%
Total	**0.2%**	**3.4%**	**63.4%**	**35.1%**	**0.2%**	**3.0%**	**62.9%**	**37.2%**

1 Austria mainly includes the business of the head office and Raiffeisen Bausparkasse Gesellschaft m.b.H. Other also includes any consolidation effects.

Stage 1 amounts include assets of € 11,141 million (previous year: € 12,877 million), for which the low credit risk exemption has been used. RBI has financial instruments in the amount of € 1,559 million (previous year: € 1,707 million) with no expected credit losses due to collateral.

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

2021 in € million	Nominal amount Stage 1	Stage 2	Stage 3	Provisions for off-balance sheet items according to IFRS 9 Stage 1	Stage 2	Stage 3	ECL coverage ratio Stage 1	Stage 2	Stage 3
Central banks	0	0	0	0	0	0	0.0%	–	–
General governments	433	65	0	0	0	0	0.0%	0.0%	–
Banks	2,203	95	0	0	0	0	0.0%	0.0%	–
Other financial corporations	6,111	727	8	(2)	(7)	(1)	0.0%	1.0%	13.7%
Non-financial corporations	36,388	4,271	189	(31)	(66)	(48)	0.1%	1.6%	25.2%
Households	4,552	991	16	(9)	(11)	(10)	0.2%	1.1%	61.0%
Total	**49,688**	**6,149**	**213**	**(43)**	**(84)**	**(58)**	**0.1%**	**1.4%**	**27.4%**

2020 in € million	Nominal amount Stage 1	Stage 2	Stage 3	Provisions for off-balance sheet items according to IFRS 9 Stage 1	Stage 2	Stage 3	ECL coverage ratio Stage 1	Stage 2	Stage 3
Central banks	0	0	0	0	0	0	0.1%	–	–
General governments	377	2	0	0	0	0	0.0%	0.3%	–
Banks	1,994	108	0	0	0	0	0.0%	0.0%	–
Other financial corporations	4,991	264	11	(2)	(3)	(1)	0.0%	1.1%	9.4%
Non-financial corporations	27,257	5,742	232	(36)	(49)	(60)	0.1%	0.8%	26.0%
Households	3,629	1,068	12	(7)	(7)	(9)	0.2%	0.7%	75.3%
Total	**38,248**	**7,183**	**255**	**(45)**	**(59)**	**(71)**	**0.1%**	**0.8%**	**27.7%**

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

2021 in € million	Gross carrying amount 12-month ECL	Lifetime ECL	Impairment 12-month ECL	Lifetime ECL	ECL coverage ratio 12-month ECL	Lifetime ECL
Movement from 12-month ECL to lifetime ECL	**(7,519)**	**7,519**	**(32)**	**290**	**0.4%**	**3.9%**
Central banks	0	0	0	0	-	-
General governments	(282)	282	(3)	2	1.0%	0.5%
Banks	(120)	120	0	0	0.0%	0.0%
Other financial corporations	(412)	412	(1)	8	0.2%	1.9%
Non-financial corporations	(2,322)	2,322	(17)	92	0.7%	3.9%
Households	(4,384)	4,384	(12)	189	0.3%	4.3%
Movement from lifetime ECL to 12-month ECL	**6,398**	**(6,398)**	**18**	**(138)**	**0.3%**	**2.2%**
Central banks	0	0	0	0	-	-
General governments	56	(56)	0	(1)	0.0%	2.2%
Banks	61	(61)	0	0	0.0%	0.2%
Other financial corporations	360	(360)	0	(6)	0.1%	1.7%
Non-financial corporations	3,174	(3,174)	9	(48)	0.3%	1.5%
Households	2,747	(2,747)	9	(82)	0.3%	3.0%

The increase in expected credit losses arising from the measurement of the loss allowance moving from twelve-month expected credit losses to lifetime losses was € 258 million (previous year: € 467 million). The decrease in expected credit losses arising from the measurement of the loss allowance moving from lifetime losses to twelve-month expected credit losses was € 120 million (previous year: € 60 million).

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

(39) Development of impairments

Development of impairments on loans and bonds in the measurement categories of financial assets – amortized cost and financial assets – fair value through other comprehensive income:

in € million	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	POCI Lifetime ECL	Total
As at 1/1/2021	**188**	**630**	**1,633**	**119**	**2,572**
Discontinued operations	(12)	(37)	(61)	0	(111)
Increases due to origination and acquisition	120	76	37	2	235
Decreases due to derecognition	(31)	(93)	(221)	(25)	(369)
Changes due to change in credit risk (net)	(62)	96	394	32	460
Changes due to modifications without derecognition (net)	0	0	0	0	0
Decrease due to write-offs	0	(1)	(250)	(13)	(264)
Changes due to model/risk parameters	(2)	(2)	0	0	(4)
Change in consolidated group	0	0	(1)	0	0
Foreign exchange and other	(5)	18	34	2	49
As at 31/12/2021	**196**	**687**	**1,567**	**118**	**2,569**

in € million	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	POCI Lifetime ECL	Total
As at 1/1/2020	**184**	**343**	**1,684**	**113**	**2,325**
Increases due to origination and acquisition	101	54	50	9	214
Decreases due to derecognition	(31)	(58)	(229)	(17)	(335)
Changes due to change in credit risk (net)	(54)	310	460	35	751
Changes due to modifications without derecognition (net)	0	0	0	0	0
Decrease due to write-offs	0	(1)	(239)	(14)	(255)
Changes due to model/risk parameters	0	2	(5)	0	(4)
Change in consolidated group	0	0	0	0	0
Foreign exchange and other	(11)	(20)	(88)	(6)	(124)
As at 31/12/2020	**188**	**630**	**1,633**	**119**	**2,572**

Development of provisions for loan commitments, financial guarantees and other commitments given:

in € million	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
As at 1/1/2021	**45**	**59**	**71**	**174**
Discontinued operations	(1)	(1)	(3)	(5)
Increases due to origination and acquisition	41	20	5	66
Decreases due to derecognition	(13)	(12)	(10)	(35)
Changes due to change in credit risk (net)	(30)	14	(4)	(20)
Changes due to modifications without derecognition (net)	0	0	0	0
Decrease due to write-offs	0	0	0	0
Changes due to model/risk parameters	0	0	0	0
Change in consolidated group	0	0	0	0
Foreign exchange and other	0	4	0	5
As at 31/12/2021	**43**	**84**	**58**	**185**

in € million	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
As at 1/1/2020	**44**	**30**	**87**	**161**
Increases due to origination and acquisition	35	14	8	57
Decreases due to derecognition	(16)	(18)	(20)	(53)
Changes due to change in credit risk (net)	(13)	35	(1)	21
Changes due to modifications without derecognition (net)	0	0	0	0
Decrease due to write-offs	0	0	0	0
Changes due to model/risk parameters	0	0	0	0
Change in consolidated group	0	0	0	0
Foreign exchange and other	(4)	(3)	(3)	(10)
As at 31/12/2020	**45**	**59**	**71**	**174**

(40) Modified assets

Changes in contractual cash flows of financial assets are examined on the basis of qualitative and qualitative criteria to determine whether the modifications are substantial or non-substantial.

If the modifications are substantial, the existing asset is derecognized and a new financial instrument is recognized (including new classification and new stage allocation for impairment purposes). Non-substantial modifications do not lead to derecognition, but to an adjustment to the gross carrying amount through profit and loss.

The change in the non-substantial net modification effect since the start of the year from minus € 40 million to minus € 11 million was mainly due to the ending of COVID-19 measures in countries in which RBI operates. Because interest unpaid due to payment holidays permitted under the legislative measures is not allowed to result in compound interest, the gross carrying amount of the affected loans was reduced from the end of March 2020, which led to net modification losses.

The share of modification losses relating to COVID-19 measures taken in the year 2020 was minus € 29 million. In the reporting year, the share of modification effects from COVID 19 measures was less than € 0.1 million.

2021 in € million	Stage 1	Stage 2	Stage 3	POCI	Total
Net modifications gains/losses of financial assets	(2)	(7)	(2)	0	(11)
Amortized cost before the modification of financial assets	3,108	1,145	66	8	4,327
Gross carrying amount of modified assets as at 31/12, which moved to Stage 1 during the year	–	13	0	0	13

2020 in € million	Stage 1	Stage 2	Stage 3	POCI	Total
Net modifications gains/losses of financial assets[1]	(25)	(13)	(2)	0	(40)
Amortized cost before the modification of financial assets	4,144	2,194	277	56	6,670
Gross carrying amount of modified assets as at 31/12, which moved to Stage 1 during the year	–	25	0	0	25

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

(41) Offsetting of financial assets and liabilities

The disclosures set out in the tables below include financial assets and financial liabilities that are offset in the Group's statement of financial position or are subject to an enforceable/unenforceable master netting arrangement or similar agreement that covers similar financial instruments, irrespective of whether they are offset in the statement of financial position or not.

Similar agreements include derivative clearing agreements, global master repurchase agreements, and global master securities lending agreements. Similar financial instruments include derivatives, sales and repurchase agreements, reverse sale and repurchase agreements, and securities borrowing and lending agreements.

Some of the agreements are not set-off in the statement of financial position. This is because they create, for the parties to the agreement, a right of set-off of recognized amounts that is enforceable only following an event of default, insolvency or bankruptcy of the Group or the counterparties or following other predetermined events. In addition, the Group and its counterparties do not intend to settle on a net basis or to realize the assets and settle the liabilities simultaneously. The Group receives and gives collaterals in the form of cash and marketable securities.

2021 in € million	Gross amount recognized financial assets	recognized financial liabilities set-off	Net amount recognized financial assets	Amounts from global netting agreements Financial instruments	Cash collateral received	Net amount
Derivatives (legally enforceable)	4,589	2,314	2,275	1,673	168	433
Repurchase, securities lending and similar agreements (legally enforceable)	15,914	0	15,914	15,638	0	276
Total	**20,503**	**2,314**	**18,189**	**17,311**	**168**	**709**

2021 in € million	Gross amount recognized financial liabilities	recognized financial assets set-off	Net amount recognized financial liabilities	Amounts from global netting agreements Financial instruments	Cash collateral received	Net amount
Derivatives (legally enforceable)	4,566	2,314	2,252	1,876	43	333
Reverse repurchase, securities lending and similar agreements (legally enforceable)	1,727	0	1,727	1,692	0	35
Total	**6,293**	**2,314**	**3,979**	**3,568**	**43**	**368**

In 2021, assets which were not subject to legally enforceable netting agreements amounted to € 173,912 million (previous year: € 150,679 million), of which an immaterial part was accounted for by derivative financial instruments and cash balances from reverse repo business. Liabilities which were not subject to legally enforceable netting agreements totaled € 172,647 million in 2021 (previous year: € 148,606 million), of which only an immaterial part was accounted for by derivative financial instruments and cash deposits from repo business.

2020 in € million	Gross amount recognized financial assets	recognized financial liabilities set-off	Net amount recognized financial assets	Amounts from global netting agreements Financial instruments	Cash collateral received	Net amount
Derivatives (legally enforceable)	4,746	2,455	2,291	1,346	97	848
Repurchase, securities lending and similar agreements (legally enforceable)	13,117	0	13,117	12,926	0	190
Total	**17,863**	**2,455**	**15,408**	**14,273**	**97**	**1,038**

2020 in € million	Gross amount recognized financial liabilities	recognized financial assets set-off	Net amount recognized financial liabilities	Amounts from global netting agreements Financial instruments	Cash collateral received	Net amount
Derivatives (legally enforceable)	4,718	2,455	2,263	1,317	160	786
Reverse repurchase, securities lending and similar agreements (legally enforceable)	802	0	802	793	0	9
Total	**5,520**	**2,455**	**3,065**	**2,110**	**160**	**794**

(42) Securitization (RBI as originator)

Securitization represents a particular form of refinancing and credit risk enhancement under which risks from loans or lease agreements are packaged into portfolios and placed with capital market investors. The objective of the Group's securitization transactions is to relieve Group regulatory total capital and to use additional refinancing sources.

The following transactions for all or at least some tranches were executed with external contractual partners, were still active in the reporting year and resulted in a credit risk mitigation which led to a reduction in risk-weighted assets in regulatory reporting. The stated amounts represent the securitized portfolio and the underlying receivables as well as the externally placed tranche at the balance sheet date.

2021 in € million	Date of contract	End of maturity	Max. volume	Securitized portfolio	Outstanding portfolio[2]	Portfolio	Externally placed tranche	Amount of the externally placed tranche
Synthetic Transaction ROOF CORPORATE 2021	Dec. 2021	Aug. 2032	11,162	4,080	10,530	Corporate loans	Mezzanine	216
Synthetic Transaction ROOF MORTGAGES 2020	Dec. 2020	Dec. 2030	3,331	2,709	2,862	Building society loans	Mezzanine	148
Synthetic Transaction ROOF CRE 2019[1]	Oct. 2019	Sept. 2029	1,262	1,262	3,554	Corporate customers, Project finance	Mezzanine	95
Synthetic Transaction EIF DCFTA Ukraine	Nov. 2017	April 2025	176	65	93	SME loans	Junior	10
Synthetic Transaction EIF JEREMIE Romania	Dec. 2010	Dec. 2023	173	0	0	SME loans	Junior	0
Synthetic Transaction EIF JEREMIE Slovakia	March 2014	June 2025	60	1	2	SME loans	Junior	1
Synthetic Transaction EIF Western Balkans EDIF Albania	Dec. 2016	June 2028	19	5	8	SME loans	Junior	3
Synthetic Transaction EIF Western Balkans EDIF Croatia	April 2015	May 2023	20	1	1	SME loans	Junior	0
Synthetic Transaction EIF COSME Romania	April 2017	Dec. 2034	434	113	202	SME loans	Junior	16
Synthetic Transaction EIF EASI Romania	July 2020	Dec. 2032	61	42	49	SME loans	Junior	9

1 Junior tranche held in the Group
2 Outstanding portfolio (securitized and non-securitized)

The Group executed a new synthetic transaction in 2021, ROOF CORPORATE 2021, which was split into a senior, a mezzanine and a junior tranche. The credit risk of the mezzanine tranche amounting to € 216 million is guaranteed and cash collateralized by institutional investors, while the credit risk of the junior and senior tranches is retained.

The ROOF MORTGAGES 2020 synthetic transaction executed by the Group in 2020 is split into a senior, a mezzanine and a junior tranche. The credit risk of the mezzanine tranche totaling € 148 million is guaranteed by institutional investors, while the credit risk of the junior and senior tranches is retained.

The ROOF CRE 2019 synthetic transaction is split into a senior, a mezzanine and a junior tranche. The credit risk of the mezzanine tranche amounting to € 95 million is guaranteed by an institutional investor, while the credit risk of the junior and senior tranches is retained.

As part of the JEREMIE initiative, the participating subsidiaries (Raiffeisenbank S.A., Bucharest, and Tatra banka a.s., Bratislava) have received guarantees from the European Investment Fund (EIF) to support lending to small and medium-sized enterprises. In 2016, the Slovakian JEREMIE transaction was converted into a funded credit guarantee via a Slovakian state-owned fund. EIF is no longer part of the transaction.

As part of the Western Balkans Enterprise Development and Innovation Facility, the participating subsidiaries (Raiffeisenbank Sh.a., Tirana, and Raiffeisenbank Austria d.d., Zagreb) each signed a portfolio guarantee agreement which was funded by the EU and which, like the JEREMIE initiatives, is aimed at providing access to finance for small and medium-sized enterprises.

As part of the EaSI initiative, Raiffeisenbank S.A., Bucharest, signed a portfolio guarantee agreement which was funded by the EU and which, like the JEREMIE initiatives, is aimed at providing access to finance for small and medium-sized enterprises.

As part of the COSME initiative, Raiffeisenbank S.A., Bucharest, signed a portfolio guarantee agreement in 2017, which was funded by the EU and which, like the JEREMIE initiatives, is aimed at providing access to finance for small and medium-sized enterprises. Significant risk transfer for this transaction is being recognized from year-end 2020 onwards.

As part of the DCFTA initiative, Raiffeisen Bank JSC, Kiev, signed a portfolio guarantee agreement in 2017, which was funded by the EU and which is aimed at providing access to finance for small and medium-sized enterprises. Significant risk transfer for this transaction is being recognized from year-end 2021 onwards.

The ROOF Slovakia 2017 synthetic transaction was terminated in April 2021. This transaction was split into a senior, a mezzanine and a junior tranche. The credit risk of the mezzanine tranche totaling € 84 million was guaranteed and cash collateralized by institutional investors, while the credit risk of the junior and senior tranches was retained.

(43) Transferred assets

The Group enters into transactions that result in the transfer of trading assets, financial investments and loans and advances to customers. The transferred financial assets continue to be recognized in their entirety or to the extent of the Group's continuing involvement or are derecognized in their entirety. The Group transfers financial assets that are not derecognized in their entirety or for which the Group has continuing involvement primarily through sale and repurchase of securities, securities lending and securitization activities.

Transferred financial assets not derecognized

Sale and repurchase agreements are transactions in which the Group sells a security and simultaneously agrees to repurchase it at a fixed price on a future date. The Group continues to recognize the securities in their entirety in the statement of financial position because it retains substantially all of the risks and rewards of ownership. The cash consideration received is recognized as a financial asset and a financial liability is recognized for the obligation to pay the repurchase price. Because the Group sells the contractual rights to the cash flows of the securities, it does not have the ability to use the transferred assets during the term of the arrangement.

Securities lending agreements are transactions in which the Group lends securities for a fee and receives cash as collateral. The Group continues to recognize the securities in their entirety in the statement of financial position because it retains substantially all of the risks and rewards of ownership. The cash received is recognized as a financial asset and a financial liability is recognized for the obligation to repay it. Because as part of the lending arrangement the Group sells the contractual rights to the cash flows of the securities, it does not have the ability to use the transferred assets during the term of the arrangement.

Loans and advances to customers are sold by the Group to securitization vehicles that in turn issue notes to investors collateralized by the purchased assets. In the securitizations in which the Group transfers loans and advances to an unconsolidated securitization vehicle, it retains some credit risk while transferring some credit risk, prepayment and interest rate risk to the vehicle. The Group therefore does not retain or transfer substantially all of the risks and rewards of such assets.

2021	Transferred assets			Associated liabilities		
in € million	Carrying amount	hereof securitizations	hereof repurchase agreements	Carrying amount	hereof securitizations	hereof repurchase agreements
Financial assets - held for trading	39	0	39	39	0	39
Financial assets - fair value through other comprehensive income	36	0	36	36	0	36
Financial assets - amortized cost	904	0	904	904	0	904
Total	**979**	**0**	**979**	**979**	**0**	**979**

2020	Transferred assets			Associated liabilities		
in € million	Carrying amount	hereof securitizations	hereof repurchase agreements	Carrying amount	hereof securitizations	hereof repurchase agreements
Financial assets - held for trading	8	0	8	8	0	8
Financial assets - fair value through other comprehensive income	155	0	155	153	0	153
Financial assets - amortized cost	126	0	126	122	0	122
Total	**289**	**0**	**289**	**283**	**0**	**283**

The Group currently has no securitization transactions in which financial assets are partly derecognized.

(44) Assets pledged as collateral and received financial assets

The Group pledges assets mainly for repurchase agreements, securities lending agreements as well as other lending arrangements and for margining purposes in relation to derivative liabilities. The table below contains assets from repo business, securities lending business, securitizations, debentures transferred as collateral of liabilities or guarantees (i.e. collateralized deposits):

	2021		2020	
in € million	Pledged	Otherwise restricted with liabilities	Pledged	Otherwise restricted with liabilities
Financial assets - held for trading	141	0	54	0
Non-trading financial assets - mandatorily fair value through profit/loss	15	0	16	0
Financial assets - designated fair value through profit/loss	0	0	47	0
Financial assets - fair value through other comprehensive income	603	0	436	3
Financial assets - amortized cost	18,232	1,000	13,976	855
Total	**18,990**	**1,000**	**14,528**	**858**

Statutory, contractual or regulatory requirements as well as protective rights of non-controlling interests might restrict the ability of the Group to access and transfer assets freely to or from other Group entities and settle liabilities. As at the reporting date, the Group has not granted any material protective rights associated with non-controlling interests and therefore these were not a source of significant restrictions.

The following products restrict the Group in the use of its assets: repurchase agreements, securities lending contracts as well as other lending contracts for margining purposes in relation to derivative liabilities, securitizations and various insurance activities. The table below shows assets pledged as collateral and otherwise restricted assets with a corresponding liability. These assets are restricted from usage to secure funding, for legal or other reasons.

in € million	2021	2020
Securities and other financial assets accepted as collateral which can be sold or repledged	17,517	14,310
hereof which have been sold or repledged	2,068	2,086

The Group received collaterals which can be sold or repledged even if no default occurs in the course of reverse repo business, securities lending business, derivative and other transactions.

(45) Breakdown of remaining terms of maturity

Assets 2021 in € million	Current assets Due at call or without maturity	Up to 3 months	More than 3 months, up to 1 year	Non-current assets More than 1 year, up to 5 years	More than 5 years
Cash, cash balances at central banks and other demand deposits	37,543	1,014	0	0	0
Financial assets - amortized cost	6,710	25,344	17,351	43,962	39,278
Financial assets - fair value through other comprehensive income	633	320	706	2,298	702
Non-trading financial assets - mandatorily fair value through profit/loss	360	33	15	106	453
Financial assets - designated fair value through profit/loss	23	2	193	39	6
Financial assets - held for trading	541	388	549	1,299	1,335
Hedge accounting	(279)	10	84	290	246
Investments in subsidiaries and associates	968	–	–	–	–
Tangible fixed assets	1,640	–	–	–	–
Intangible fixed assets	933	–	–	–	–
Current tax assets	73	–	–	–	–
Deferred tax assets	100	0	8	43	1
Non-current assets and disposal groups classified as held for sale	848	349	432	2,614	1,287
Other assets	652	425	156	13	2
Total	**50,745**	**27,887**	**19,495**	**50,665**	**43,310**

Equity and liabilities 2021 in € million	Short-term liabilities Due at call or without maturity	Up to 3 months	More than 3 months, up to 1 year	Long-term liabilities More than 1 year, up to 5 years	More than 5 years
Financial liabilities - amortized cost	86,524	18,457	13,692	32,269	10,758
Financial liabilities - designated fair value through profit/loss	0	85	258	735	245
Financial liabilities - held for trading	34	372	696	2,874	1,898
Hedge accounting	(541)	35	19	331	446
Provisions for liabilities and charges	834	10	138	165	307
Current tax liabilities	41	21	24	0	0
Deferred tax liabilities	36	0	9	0	1
Liabilities included in disposal groups classified as held for sale	2,320	2,027	146	333	3
Other liabilities	621	200	66	133	1
Subtotal	**89,870**	**21,208**	**15,048**	**36,840**	**13,659**
Equity	15,475	–	–	–	–
Total	**105,345**	**21,208**	**15,048**	**36,840**	**13,659**

Assets 2020 in € million	Current assets Due at call or without maturity	Up to 3 months	More than 3 months, up to 1 year	Non-current assets More than 1 year, up to 5 years	More than 5 years
Cash, cash balances at central banks and other demand deposits	33,657	3	0	0	0
Financial assets - amortized cost	4,948	20,039	15,092	40,534	35,983
Financial assets - fair value through other comprehensive income	130	484	733	2,393	1,028
Non-trading financial assets - mandatorily fair value through profit/loss	263	28	26	83	422
Financial assets - designated fair value through profit/loss	22	83	32	279	41
Financial assets - held for trading	612	395	354	1,551	1,488
Hedge accounting	50	41	31	168	273
Investments in subsidiaries and associates	1,002	–	–	–	–
Tangible fixed assets	1,684	–	–	–	–
Intangible fixed assets	763	–	–	–	–
Current tax assets	87	–	–	–	–
Deferred tax assets	78	0	8	34	1
Other assets	509	358	154	13	1
Total	**43,806**	**21,431**	**16,431**	**45,055**	**39,236**

Equity and liabilities 2020 in € million	Short-term liabilities Due at call or without maturity	Up to 3 months	More than 3 months, up to 1 year	Long-term liabilities More than 1 year, up to 5 years	More than 5 years
Financial liabilities - amortized cost	75,428	15,900	11,923	28,938	9,546
Financial liabilities - designated fair value through profit/loss	0	41	182	766	518
Financial liabilities - held for trading	138	360	536	2,791	2,155
Hedge accounting	16	12	18	156	219
Provisions for liabilities and charges	494	14	127	121	306
Current tax liabilities	15	53	8	0	0
Deferred tax liabilities	29	0	7	0	1
Other liabilities	353	198	66	85	151
Subtotal	**76,473**	**16,578**	**12,867**	**32,857**	**12,896**
Equity	14,288	–	–	–	–
Total	**90,761**	**16,578**	**12,867**	**32,857**	**12,896**

(46) Foreign assets/liabilities

in € million	2021	2020
Assets	148,545	124,707
Liabilities	112,753	91,792

(47) Derivative financial instruments

2021 in € million	Nominal amount	Fair value Assets	 Liabilities
Trading book	**190,896**	**1,935**	**(1,823)**
Interest rate contracts	133,273	1,085	(1,050)
Equity contracts	4,241	183	(138)
Foreign exchange rate and gold contracts	50,743	637	(566)
Credit contracts	1,476	21	(22)
Commodities	70	3	(1)
Other	1,093	6	(45)
Banking book	**16,483**	**197**	**(71)**
Interest rate contracts	12,123	182	(64)
Foreign exchange rate and gold contracts	3,876	15	(2)
Credit contracts	484	0	(4)
Hedging instruments	**43,280**	**630**	**(828)**
Interest rate contracts	41,560	628	(799)
Foreign exchange rate and gold contracts	1,720	3	(29)
Total	**250,660**	**2,763**	**(2,722)**
OTC products	245,361	2,703	(2,641)
Products traded on stock exchange	2,176	29	(9)

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

(48) Hedge accounting – additional information

RBI applies various types of hedge accounting with the aim of reducing interest rate risk and volatility in the income statement. Depending on the risk to be hedged, both fair value and cash flow hedge accounting are used. Both types may be modeled at the micro level and in portfolios. A further type of hedge accounting hedges the net investment risk against fluctuations in the rate of the Russian ruble, the Romanian leu, the Czech koruna, and the Hungarian forint.

Under the rules of IAS 39, which the Group decided to continue to apply, various financial instruments are used as underlying transactions for fair value and cash flow hedges. The majority of these instruments are loans and advances on the asset side and deposits on the liability side. Bonds and debt securities issued are further positions incorporated into hedge accounting relationships. Interest rate and exchange rate agreements are the main hedging instruments.

More details on the risk management strategy of RBI can be found in the risk report under (53) Market risk. Further details on hedge accounting are presented in the chapter recognition and measurement principles.

The effects from hedge accounting on the statement of financial position can be found under (19) and (28) Hedge accounting. The effects from hedge accounting on the statement of comprehensive income are shown under (6) Net gains/losses from hedge accounting and those on the changes in equity under (32) Equity, development of cumulative other comprehensive income of group equity.

Hedging instruments

Breakdown of hedging instruments by type of hedge accounting at the level of nominal amounts, both in total and by contractual termination, and at the level of the carrying amounts.

2021	Nominal amount	Maturity				Carrying amount	
in € million		Up to 3 months	More than 3 months, up to 1 year	1 year, up to 5 years	More than 5 years	Assets	Liabilities
Interest rate contracts	**41,490**	**1,114**	**4,986**	**19,549**	**15,841**	**628**	**799**
Cash flow hedge	1,544	29	515	671	329	25	44
Fair value hedge	39,946	1,086	4,471	18,878	15,511	602	755
Foreign exchange contracts	**1,790**	**5**	**1,727**	**26**	**32**	**3**	**29**
Cash flow hedge	37	0	12	26	0	0	0
Fair value hedge	38	5	0	0	32	0	0
Net investment hedge	1,715	0	1,715	0	0	2	29
Total	**43,280**	**1,120**	**6,713**	**19,575**	**15,873**	**630**	**828**

2020	Nominal amount	Maturity				Carrying amount	
in € million		Up to 3 months	More than 3 months, up to 1 year	1 year, up to 5 years	More than 5 years	Assets	Liabilities
Interest rate contracts	**35,484**	**1,345**	**2,812**	**19,815**	**11,512**	**362**	**382**
Cash flow hedge	1,464	117	538	724	85	24	2
Fair value hedge	34,020	1,228	2,274	19,091	11,427	338	380
Foreign exchange contracts	**1,925**	**1**	**1,829**	**49**	**46**	**41**	**14**
Cash flow hedge	136	0	101	36	0	0	6
Fair value hedge	69	1	9	14	46	2	0
Net investment hedge	1,720	0	1,720	0	0	39	9
Total	**37,410**	**1,346**	**4,641**	**19,864**	**11,558**	**403**	**397**

Fair value hedges

Details of the underlying transactions for fair value hedges:

2021	Carrying amount of the hedged items		Accumulated amount of fair value adjustments of the hedged items		Changes in fair value of the hedged items[1]
in € million	Assets	Liabilities	Assets	Liabilities	
Interest rate hedges	**14,620**	**20,600**	**(227)**	**271**	**123**
Debt securities	6,261	0	(12)	(1)	(291)
Loans and advances	8,359	0	(219)	1	(398)
Deposits	0	11,928	4	260	644
Debt securities issued	0	8,672	0	11	168
Foreign exchange hedges	**50**	**0**	**(5)**	**0**	**(7)**
Other assets	50	0	(5)	0	0
Other liabilities	0	0	0	0	(7)
Total	**14,670**	**20,600**	**(233)**	**271**	**115**

1 Fair value changes in the underlying transactions which were used to calculate ineffectiveness

2020	Carrying amount of the hedged items		Accumulated amount of fair value adjustments of the hedged items		Changes in fair value of the hedged items[1]
in € million	Assets	Liabilities	Assets	Liabilities	
Interest rate hedges	**12,827**	**16,200**	**282**	**282**	**122**
Debt securities	5,709	0	103	0	78
Loans and advances	7,118	0	179	0	166
Deposits	0	8,288	0	126	(56)
Debt securities issued	0	7,912	0	156	(66)
Foreign exchange hedges	**54**	**0**	**2**	**0**	**2**
Other assets	54	0	2	0	2
Other liabilities	0	0	0	0	0
Total	**12,881**	**16,200**	**284**	**282**	**124**

1 Fair value changes in the underlying transactions which were used to calculate ineffectiveness

Cash flow hedges

Details on changes in the value of the hedging instruments in cash flow hedge relationships considering the various disclosure of the effective part in the other comprehensive income and the ineffective part in the income statement:

2021 in € million	Change in the value of the hedging instruments recognized in other comprehensive income	Hedge ineffectiveness recognized in profit or loss
Interest rate hedges	**(36)**	**(1)**
Loans and advances	(55)	(1)
Deposits	19	0
Debt securities issued	0	0
Foreign exchange hedges	**1**	**0**
Other assets	1	0
Other liabilities	0	0
Total	**(35)**	**(1)**

2020 in € million	Change in the value of the hedging instruments recognized in other comprehensive income	Hedge ineffectiveness recognized in profit or loss
Interest rate hedges	**(3)**	**0**
Loans and advances	(3)	0
Deposits	0	0
Debt securities issued	0	0
Foreign exchange hedges	**0**	**0**
Other assets	0	0
Other liabilities	0	0
Total	**(3)**	**0**

Risk report

Active risk management is a core competency of RBI. In order to effectively identify, measure, and manage risks the Group continues to develop its comprehensive risk management system. Risk management is an integral part of overall bank management. Particularly, in addition to legal and regulatory requirements, it considers the nature, scale, and complexity of the Group's business activities and the resulting risks. The figures below refer to the regulatory scope of consolidation pursuant to CRR, which differs slightly from the scope of consolidation pursuant to IFRS. In terms of risk, the companies in the IFRS scope of consolidation that are not included therein are covered by the participation risk.

The risk report describes the principles and organization of risk management and describes current risk exposure in all material risk categories.

(49) Risk management principles

The Group has a system of risk principles and procedures in place for measuring and monitoring risk, which is aimed at controlling and managing material risks in the Group. The risk policy and risk management principles are laid out by the Management Board. These are regularly reported and discussed in the Supervisory Board committees. The principles include the following risk policies:

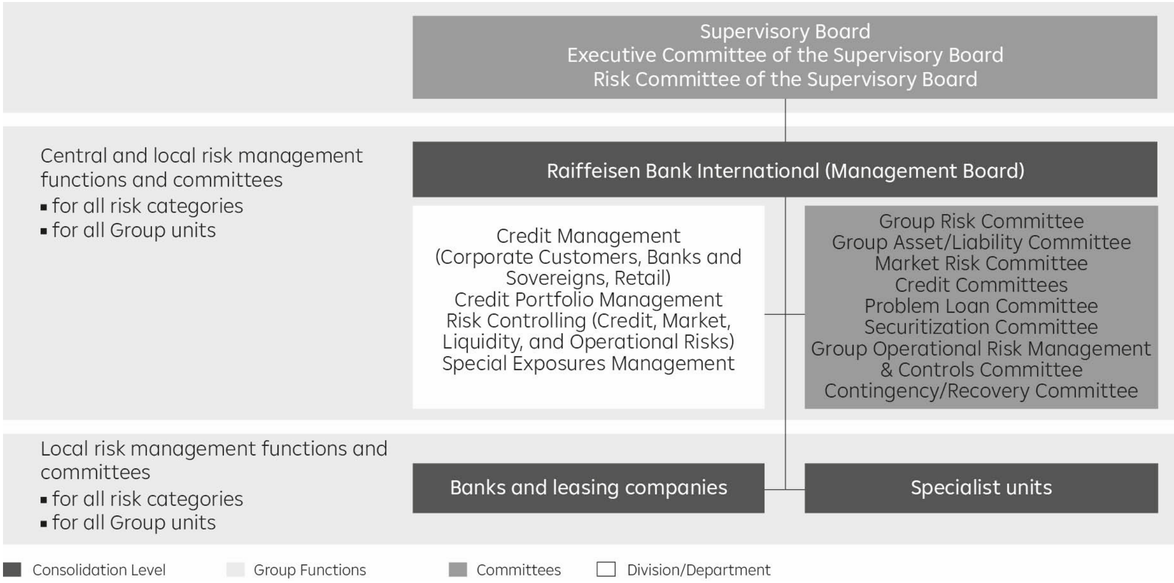
- Integrated risk management: Credit, country, market, liquidity, and operational risks are managed as key risks on a Group-wide basis. For this purpose, these risks are measured, limited, aggregated, and compared to available risk coverage capital.
- Standardized methodologies: Risk measurement and risk limitation methods are standardized Group-wide in order to ensure a consistent and coherent approach to risk management. This forms the basis for consistent overall bank management across all countries and business lines in RBI.
- Continuous planning: Risk strategies and risk capital are reviewed and approved in the course of the annual budgeting and planning process, whereby special attention is also paid to preventing risk concentrations.
- Independent control: A clear personnel and organizational separation is maintained between business operations and all risk management or risk control activities.
- Ex ante and ex post control: Risks are consistently measured within the scope of product selling and in risk-adjusted performance measurement. Thereby it is ensured that business in general is conducted only under risk-return considerations and that there are no incentives for taking high risks.

Individual risk management units of the Group develop detailed risk strategies, which set more concrete risk targets and specific standards in compliance with these general principles. The overall Group risk strategy is derived from the Group's business strategy and the risk appetite and adds risk-relevant aspects to the planned business structure and strategic development. These aspects include for example structural limits and capital ratio targets which have to be met in the budgeting process and in the scope of business decisions. More specific targets for individual risk categories are set in detailed risk strategies. The credit risk strategy of the Group, for instance, sets credit portfolio limits for individual countries and segments and defines the credit approval authority for limit applications.

(50) Organization of risk management

The Management Board of the Group ensures the proper organization and ongoing development of risk management. It decides which procedures are to be employed for identifying, measuring, and monitoring risks, and makes steering decisions according to the risk reports and analyses. The Management Board is supported in undertaking these tasks by independent risk management units and special committees.

Risk management functions are performed on different levels in the Group. RBI AG develops and implements the relevant concepts as the parent credit institution and in cooperation with the subsidiaries of the Group. The central risk management units are responsible for the adequate and appropriate implementation of the Group's risk management processes. Particularly, they establish common Group directives and set business-specific standards, tools, and practices for all Group entities. ESG risks are implemented and managed within the framework of a project that spans business lines and includes all risk areas.



In addition, local risk management units are established in the different Group entities of RBI. They implement the risk policies for specific risk types and take active steering decisions within the approved risk budgets in order to achieve the targets set in the business policy. For this purpose, they monitor resulting risks using standardized measurement tools and report them to central risk management units via defined interfaces.

The central Group Risk Controlling division assumes the independent risk controlling function required by banking law. Its responsibilities include developing the Group-wide framework for overall bank risk management (integrating all risk types) and preparing independent reports on the risk profile for the Supervisory Board's Risk Committee, the Group Management Board and the heads of individual business units. It also measures the required risk coverage capital for different Group units and calculates the utilization of the allocated risk capital budgets in the internal capital adequacy framework.

Risk committees

The Group Risk Committee is the most senior decision-making body for all the Group's risk-related topic areas. It decides on the risk management methods and on the control concepts used for the overall Group and for key subdivisions, and is responsible for ongoing development and implementation of methods and parameters for risk quantification and for refining steering instruments. This also includes setting the risk appetite and the various risk budgets and limits at overall bank level as well as monitoring the current risk situation with respect to internal capital adequacy and the corresponding risk limits. It approves risk management and control activities (such as the allocation of risk capital) and advises the Management Board in these matters. The scope of responsibility was extended during 2021 to include resolution related topics and decisions reflecting the respective SRB guidelines and requirements.

The Group Asset/Liability Committee assesses and manages the statement of financial position structure and liquidity risk and defines the standards for internal funds transfer pricing. In this context it plays an important role in planning long-term funding and hedging structural interest rate and foreign exchange risks. The Structural FX Committee is a sub-committee of the Group Asset/Liability Committee and manages the currency risk inherent in the Group's capital position.

The Market Risk Committee controls market risks arising from trading and banking book transactions and establishes corresponding limits and processes. Particularly, it relies on profit and loss reports, the risks calculated and the limit utilization, as well as the results of scenario analyses and stress tests with respect to market risks.

The Credit Committees are staffed by front office and back office representatives, with the staff assignments depending on the type of customer (corporate customers, banks, sovereigns and retail). The committees decide upon the specific lending criteria for the different customer segments and countries and make all credit decisions concerning those segments and countries in connection with the credit approval process (depending on rating and exposure size).

The Problem Loan Committee is the most important committee in the evaluation and decision-making process concerning problem loans. Its chairman is the Chief Risk Officer (CRO). Further members with voting rights are those members of the Management Board responsible for the customer divisions, the Chief Financial Officer (CFO), and the relevant division and departmental managers from risk management and special exposures management.

The Securitization Committee is the decision-making committee for limit requests in relation to securitization positions within the specific decision-making authority framework. It develops proposals for modifications to the securitization strategy for the Management Board. In addition, the Securitization Committee offers a platform for exchanging information regarding securitization positions and market developments.

The Group Operational Risk Management & Controls Committee comprises representatives of the business areas (retail, market and corporate customers) and representatives from Compliance (including financial crime), Internal Control System, Operations, Security, IT Risk Management and Risk Controlling, under chairmanship of the CRO. This committee is responsible for managing the Group's operational risk (including conduct risk). It derives and sets the operational risk strategy based on the risk profile and the business strategy and makes decisions regarding actions, controls and risk acceptance.

The Contingency/Recovery Committee is a decision-making body convened by the Management Board. The composition of the committee varies as circumstances require depending on the intensity and focus of the specific requirements pertaining to the situation (e.g. capital and/or liquidity). The core task of the committee is to maintain or recover financial stability in accordance with BaSAG (Austrian Bank Recovery and Resolution Act) and BRRD (Banking Recovery and Resolution Directive) in the event of a critical financial situation.

Quality assurance and internal audit

Quality assurance with respect to risk management refers to ensuring the integrity, soundness, and accuracy of processes, models, calculations, and data sources. This is to ensure that the Group adheres to all legal requirements and that it can achieve the highest standards in risk management-related operations. Two very important functions in assuring independent oversight are performed by the divisions Audit and Compliance. Independent internal auditing is a legal requirement and a central pillar of the internal control system. Internal Audit periodically assesses all business processes and contributes considerably to securing and improving them. It sends its reports directly to the Management Board, which discusses them on a regular basis in its board meetings. The Compliance Office is responsible for all issues concerning compliance with legal requirements in addition to and as an integral part of the internal control system. Thereby compliance with existing regulations in daily operations is monitored.

(51) Overall group risk management

Maintaining an adequate level of capital is a core objective of the Group. Capital requirements are monitored regularly based on the risk level as measured by internal models, and in choosing appropriate models the materiality of risks annually assessed is considered. This concept of overall bank risk management provides for meeting capital requirements from both a regulatory perspective (normative perspective) and from economic points of view (economic perspective). Thus it covers the quantitative aspects of the Internal Capital Adequacy Assessment Process (ICAAP) as legally required and as described in the ICAAP Directive published by the European Central Bank. The full ICAAP process of the Group is audited during the supervisory review process for RBI credit institution group (RBI-Kreditinstitutsgruppe) on an annual basis.

The Risk Appetite Framework (RAF) limits the Group's overall risk in accordance with the Group's strategic business objectives and allocates the risk capital calculated to the different risk categories and business areas. The primary aim of the RAF is to limit risk, particularly in adverse scenarios and for major singular risks in such a way as to ensure compliance with regulatory minimum ratios. The Risk Appetite Framework is, therefore, closely linked with the ICAAP and the ILAAP (Internal Liquidity Adequacy Assessment Process) and sets the concentration risk limits for the risk types identified as significant in the risk assessment. There is also a connection to the recovery plan as the risk capacity and risk tolerance limits in the RAF are aligned with the corresponding trigger monitoring limits. In addition, the risk appetite decided by the Management Board and the Group's risk strategy and its implementation are reported regularly to the Supervisory Board's Risk Committee.

Approach	Risk	Measurement technique	Confidence level
Economic perspective			
Economic capital	Risk that unexpected losses from the economic point of view exceed the internal capital	The unexpected loss for the risk horizon of one year (economic capital) may not exceed the current value of the tier 1 capital	99.90 per cent
Normative perspective			
Stress scenarios	Risk of falling below a sustainable tier 1 ratio throughout an economic cycle	Capital and earnings projection for a three-year planning period based on assumptions of a significant downturn in the economy	Around 95 per cent, based on potential management decisions to reduce risk temporarily or raise additional equity capital

Economic perspective – economic capital approach

In this approach, risks are measured based on economic capital, which represents a comparable risk indicator across all risk types. Economic capital is calculated as the sum of unexpected losses stemming from different Group units and different risk categories. In addition, a general buffer is held to cover risk types not explicitly quantified.

The Group uses a confidence level of 99.90 per cent to calculate economic capital. In compliance with the ICAAP Directive published by the European Central Bank, additional tier 1 (AT1) has no longer been used to calculate the internal capital from 2021. The integration of ESG risk in the ICAAP, with initial focus on the environmental factor, has been performed by extending established risk types (credit risk, operational risk, market risk). An internal steering relevant climate stress test is scheduled for the first half year 2022, with this the climate risk component will be directly considered in the internal capital calculation in line with the already established internal regulation.

Risk contribution of individual risk types to economic capital:

in € million	2021	Share	2020	Share
Credit risk corporate customers	1,820	27.2%	1,807	29.5%
Credit risk retail customers	1,459	21.8%	1,315	21.5%
Participation risk	718	10.7%	737	12.1%
Operational risk	597	8.9%	423	6.9%
Credit risk sovereigns	533	8.0%	276	4.5%
Market risk	507	7.6%	557	9.1%
Owned property risk	287	4.3%	260	4.2%
FX risk capital position	286	4.3%	261	4.3%
Credit risk banks	155	2.3%	169	2.8%
CVA risk	21	0.3%	21	0.3%
Liquidity risk	0	0.0%	0	0.0%
Risk buffer	319	4.8%	291	4.8%
Total	**6,702**	**100.0%**	**6,117**	**100.0%**

Regional allocation of economic capital by Group unit domicile:

in € million	2021	Share	2020	Share
Austria	2,357	35.2%	2,452	40.1%
Southeastern Europe	1,617	24.1%	1,357	22.2%
Central Europe	1,530	22.8%	1,237	20.2%
Eastern Europe	1,198	17.9%	1,070	17.5%
Rest of World	0	0.0%	0	0.0%
Total	**6,702**	**100.0%**	**6,117**	**100.0%**

The Group's calculated economic capital increased during the year to € 6,702 million. In addition to organic growth, the increase in the credit risk of retail customers was also due to acquisitions such as Equa bank in the Czech Republic. The operational risk included higher write-downs on foreign currency mortgage loans in Poland. The increase in credit risk of sovereigns was due to higher exposure in this segment. In the risk capital allocation as at 31 December 2021, the bulk of the economic capital of around 35 per cent was, as in the previous year, consumed by Group units located in Austria. The shift in the economic capital share from Austria to Central and Southeastern Europe was attributable to acquisitions and stronger organic growth.

Economic capital is an important instrument in overall bank risk management. Economic capital limits are allocated to individual business areas during the annual budgeting process and are supplemented in day-to-day management by volume, sensitivity, and value-at-risk limits. The Group planning process is undertaken on a revolving basis for the coming three years and incorporates future changes in economic capital as well as available internal capital. Economic capital thus substantially influences plans for future lending activities and the overall limit for market risk.

Risk-adjusted performance measurement is also based on the indicator for economic capital. The profitability of a business unit is examined in relation to the amount of economic capital attributed to the unit in question (risk-adjusted profit in relation to risk-adjusted capital, RORAC), which yields a comparable performance indicator for all business units in the Group. That indicator is used in turn as a key figure in overall bank management and for future capital allocation, and influences the remuneration paid to the Group's executive management.

Normative perspective – stress scenarios

The analysis of the stress scenarios in the normative perspective of the ICAAP is intended to ensure that the Group has sufficiently high capital ratios at the end of the multi-year planning period, even in a severe macroeconomic downturn scenario. The analysis is based on a multi-year macroeconomic stress test where hypothetical market developments in a severe but realistic economic downturn scenario are simulated. The risk parameters used include interest rates, foreign exchange rates and securities prices, as well as changes in default probabilities and rating migrations in the credit portfolio.

The integrated stress test focuses primarily on the capital ratios at the end of the multi-year observation period. These should not fall below a sustainable level, meaning that they should not require the bank to substantially increase capital or to significantly reduce its business activities. The current minimum amount of capital is therefore determined by the size of a potential economic downturn. The downturn scenario assumed incorporates recognition of the necessary loan loss provisions and potential pro-cyclical effects (which increase the minimum regulatory capital requirement) along with the impact of foreign exchange rate fluctuations and other valuation and earnings effects. Regulatory changes that are already known are considered for the planning period.

This perspective thus also complements traditional risk measurement methods based on the value-at-risk concept (which is in general based on historical data). Therefore, it can account for exceptional market situations that have not been observed in the past, and permits estimation of the potential impact of such developments. The stress test also allows for analyzing risk concentrations (e.g. individual positions, industries, or geographical regions) and gives insight into profitability, liquidity situation, and solvency under extreme situations. Building on these analyses, risk management in the Group actively contributes to portfolio diversification, for example via limits for the total credit exposure to individual industry segments and countries and through ongoing updates to lending standards.

(52) Credit risk

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

Limit application process

In the non-retail area, each lending transaction runs through the limit application process before a decision is made. This process covers – besides new lending – increases in existing limits, rollovers, overdrafts, and changes in the risk profile of a borrower (e.g. with respect to the financial situation of the borrower, the agreed terms and conditions, or the collateral furnished) compared to the time of the original lending decision. It is also used when setting counterparty limits for trading and new issuance operations as well as other credit limits, and for equity investments subject to credit risk.

Credit decisions are made within the context of a competence authority hierarchy based on the size and type of the loan. Approval from the business and the credit risk management divisions is always required when making individual limit decisions or performing regular rating renewals. If the individual decision-making parties disagree, the potential transaction is decided upon by the next higher-ranking credit authority.

The whole limit application process is based on defined uniform principles and rules. Account management for multinational customers doing business with more than one RBI Group unit simultaneously is supported by the Global Account Management System, for example. This is made possible by Group-wide unique customer identification in the non-retail asset classes.

The limit application process in the retail division is automated to a great degree due to the high number of applications and relatively low exposure amounts. Limit applications are often assessed and approved in central processing centers based on credit score cards. This process is facilitated by the respective IT systems.

Credit portfolio management

Credit portfolio management in the Group is, among other aspects, based on the credit portfolio strategy which is in turn based on the business and risk strategy. The strategy selected is used to limit the exposure amount in different countries, industries or product types and thus prevents undesired risk concentrations. Additionally, the long-term potentials of different markets are continuously analyzed. This allows for an early strategic repositioning of future lending activities.

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

The following table shows the reconciliation of the gross carrying amounts of the items on the statement of financial position to the credit exposure (banking and trading book positions), which is used in portfolio management. It includes both exposures on and off the statement of financial position before the application of credit-conversion factors, and thus represents the total credit exposure. It is not reduced by the effects of credit risk mitigation such as guarantees or physical collateral, effects that are, however, considered in the total assessment of credit risk. The total credit exposure is also used – if not explicitly stated otherwise – for referring to exposures in all subsequent tables in the risk report. The reasons for the differences in the values used for internal portfolio management and for external financial accounting are the different scopes of consolidation (regulatory versus accounting rules according to IFRS) and differences in the classification and presentation of exposure volumes, especially in the case of repo transactions and derivatives. In the second quarter of 2021, the SA-CCR (standardized approach for measuring counterparty credit risk) was implemented, which significantly reduced the credit exposure. In the past, the gross exposure (exposure at default – EAD before OTC netting and collateral) was part of the credit exposure. Due to implementing these changes, both the calculation of exposure at default (EAD) after OTC netting and the consideration of collateral are already conducted in the market risk system, consistent with the measurement of derivative counterparty risk, and are therefore no longer part of the exposure at default (EAD).

in € million	2021	2020
Cash, cash balances at central banks and other demand deposits	33,147	27,986
Financial assets - amortized cost	139,668	119,163
Financial assets - fair value through other comprehensive income	4,709	4,616
Non-trading financial assets - mandatorily at fair value through profit / loss	978	822
Financial assets - designated fair value through profit/loss	264	457
Financial assets - held for trading	3,759	4,173
Hedge accounting	352	563
Current tax assets	73	87
Deferred tax assets	152	121
Other assets	1,034	866
Loan commitments given	42,601	34,803
Financial guarantees given	8,900	7,228
Other commitments given	4,548	3,656
Reconcilation difference	(8,003)	(1,815)
Credit exposure	**232,183**	**202,727**

Around € 5.5 billion of the reconcilation difference was attributable to the implementation of SA-CCR.

The detailed credit portfolio analysis shows the breakdown by rating category. Customer rating assessments are performed separately for different asset classes using internal risk classification models (rating and scoring models), which are validated by a central organizational unit. The default probabilities assigned to individual rating grades are calculated separately for each asset class. However, the use of a master scale enables rating grades to be compared even across business segments.

Rating models in the non-retail asset classes – corporates, banks and sovereigns – are uniform in all Group units and rank creditworthiness in 27 grades of the master scale. For retail asset classes, country specific scorecards are developed based on uniform Group standards. Tools are used to produce and validate ratings (e.g. business valuation tools, rating and default databases).

Credit exposure by asset classes (rating models):

in € million	2021	2020
Corporate customers	95,080	81,650
Project finance	8,359	7,339
Banks	20,864	23,339
Sovereigns	59,849	48,739
Retail customers	48,031	41,659
Total	**232,183**	**202,727**

Credit portfolio – Corporate customers

The internal rating models for corporate customers take into account qualitative parameters, various ratios from the statement of financial position, and profit ratios covering different aspects of customer creditworthiness for various industries and countries. In addition, the model for smaller corporates also includes an account behavior component.

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

in € million		2021	Share	2020	Share
1	Minimal risk	2,030	2.1%	4,946	6.1%
2	Excellent credit standing	8,634	9.1%	7,037	8.6%
3	Very good credit standing	22,974	24.2%	16,792	20.6%
4	Good credit standing	22,532	23.7%	18,603	22.8%
5	Sound credit standing	18,430	19.4%	15,884	19.5%
6	Acceptable credit standing	12,572	13.2%	11,314	13.9%
7	Marginal credit standing	4,821	5.1%	4,091	5.0%
8	Weak credit standing/sub-standard	1,411	1.5%	1,167	1.4%
9	Very weak credit standing/doubtful	168	0.2%	240	0.3%
10	Default	1,267	1.3%	1,383	1.7%
NR	Not rated	240	0.3%	195	0.2%
Total		**95,080**	**100.0%**	**81,650**	**100.0%**

The increase in credit exposure resulted mainly from credit and facility financing and from guarantees issued. The largest increase was recorded by rating grades 3 and 4, mainly due to Switzerland, Germany, Russia (partly currency-related) and the Czech Republic. The increase in rating grade 5 was primarily attributable to a higher credit exposure in Russia, the Czech Republic and Romania. Furthermore, the increase in rating grade 2 was primarily due to rating shifts from rating grade 1. The decline in rating grade 1 was primarily attributable to the change in the method of calculating credit exposure for derivatives as a result of the implementation of SA-CCR and to rating downgrades to rating grade 2. The increase in rating grade 6 was primarily caused by a higher credit exposure in Russia and the Czech Republic.

The rating model for project finance has five grades and takes both individual probabilities of default and available collateral into account.

in € million		2021	Share	2020	Share
6.1	Excellent project risk profile – very low risk	4,807	57.5%	4,536	61.8%
6.2	Good project risk profile – low risk	2,539	30.4%	2,294	31.3%
6.3	Acceptable project risk profile – average risk	666	8.0%	178	2.4%
6.4	Poor project risk profile – high risk	16	0.2%	11	0.1%
6.5	Default	325	3.9%	314	4.3%
NR	Not rated	6	0.1%	6	0.1%
Total		**8,359**	**100.0%**	**7,339**	**100.0%**

The € 1,020 million increase in project finance was mainly attributable to an increase in credit and facility financing in the Czech Republic (primarily Equa bank, rating grade 6.3), in Slovakia, and in Germany. There were also shifts from rating grade 6.2 to 6.3, primarily in Hungary.

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

in € million	2021	Share	2020	Share
Western Europe	26,168	25.3%	22,294	25.1%
Central Europe	23,215	22.4%	19,764	22.2%
Austria	18,623	18.0%	17,873	20.1%
Eastern Europe	17,759	17.2%	13,160	14.8%
Southeastern Europe	14,388	13.9%	12,978	14.6%
Asia	1,667	1.6%	1,360	1.5%
Other	1,618	1.6%	1,559	1.8%
Total	**103,439**	**100.0%**	**88,990**	**100.0%**

The increase in Eastern Europe was in particular attributable to the increase in credit and facility financing and to guarantees issued in Ukraine and in Russia (partly currency-related). Credit exposure in Western Europe increased primarily due to credit and facility financing in Germany, Spain, Luxembourg and Switzerland, partly offset by a decline in Great Britain. In Central Europe, credit exposure increased, particularly in the Czech Republic and Slovakia. In Southeastern Europe, credit exposure increased, especially in Romania and Serbia.

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

in € million	2021	Share	2020	Share
Manufacturing	26,270	25.4%	22,039	24.8%
Wholesale and retail trade	24,175	23.4%	19,879	22.3%
Real estate	12,852	12.4%	10,891	12.2%
Financial intermediation	8,814	8.5%	9,534	10.7%
Construction	5,863	5.7%	5,549	6.2%
Electricity, gas, steam and hot water supply	4,726	4.6%	3,635	4.1%
Transport, storage and communication	4,122	4.0%	3,710	4.2%
Freelance/technical services	2,481	2.4%	2,023	2.3%
Other industries	14,136	13.7%	11,730	13.2%
Total	**103,439**	**100.0%**	**88,990**	**100.0%**

Credit portfolio – Retail customers

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

in € million	2021	Share	2020	Share
Retail customers – private individuals	44,683	93.0%	38,583	92.6%
Retail customers – small and medium-sized entities	3,348	7.0%	3,077	7.4%
Total	**48,031**	**100.0%**	**41,659**	**100.0%**

Credit exposure to retail customers by internal rating:

in € million		2021	Share	2020	Share
0.5	Minimal risk	12,192	25.4%	12,369	29.7%
1.0	Excellent credit standing	8,577	17.9%	6,855	16.5%
1.5	Very good credit standing	8,449	17.6%	5,898	14.2%
2.0	Good credit standing	6,275	13.1%	4,817	11.6%
2.5	Sound credit standing	3,660	7.6%	3,571	8.6%
3.0	Acceptable credit standing	2,189	4.6%	1,840	4.4%
3.5	Marginal credit standing	840	1.7%	893	2.1%
4.0	Weak credit standing/sub-standard	359	0.7%	436	1.0%
4.5	Very weak credit standing/doubtful	397	0.8%	470	1.1%
5.0	Default	1,318	2.7%	1,351	3.2%
NR	Not rated	3,776	7.9%	3,157	7.6%
Total		**48,031**	**100.0%**	**41,659**	**100.0%**

The increase in not-rated credit exposure was due to the acquisition of Equa bank's portfolio. Integration into the existing rating systems is planned for 2022.

Credit exposure to retail customers by segments:

2021 in € million	Central Europe	Southeastern Europe	Eastern Europe	Group Corporates & Markets
Retail customers – private individuals	22,043	10,510	5,953	6,177
Retail customers – small and medium-sized entities	1,748	1,296	304	0
Total	**23,791**	**11,806**	**6,257**	**6,177**
hereof non-performing exposure	598	487	194	32

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

Retail credit exposure by products:

in € million	2021	Share	2020	Share
Mortgage loans	28,886	60.1%	25,164	60.4%
Personal loans	10,879	22.6%	8,704	20.9%
Credit cards	3,708	7.7%	3,261	7.8%
SME financing	2,622	5.5%	2,518	6.0%
Overdraft	1,364	2.8%	1,526	3.7%
Car loans	572	1.2%	487	1.2%
Total	**48,031**	**100.0%**	**41,659**	**100.0%**

In 2021, credit exposure to retail customers grew 13 per cent. The Czech Republic recorded the largest increase, due, among other things, to the acquisition of Equa bank. In addition, personal and mortgage loans increased in Russia (partly currency-related due to the appreciation of the Russian ruble) and in Slovakia.

2021 in € million	Central Europe	Southeastern Europe	Eastern Europe	Group Corporates & Markets
Mortgage loans	16,949	3,905	2,350	5,682
Personal loans	3,461	4,925	2,385	107
Credit cards	1,444	1,118	965	180
SME financing	937	1,264	295	127
Overdraft	676	368	240	80
Car loans	323	226	22	0
Total	**23,791**	**11,806**	**6,257**	**6,177**

2020 in € million	Central Europe	Southeastern Europe	Eastern Europe	Group Corporates & Markets
Mortgage loans	14,752	3,085	1,780	5,547
Personal loans	2,220	4,630	1,717	136
Credit cards	834	1,360	1,063	4
SME financing	891	1,239	322	66
Overdraft	961	446	119	0
Car loans	256	207	23	0
Total	**19,915**	**10,966**	**5,025**	**5,753**

Credit portfolio – Banks

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

in € million		2021	Share	2020	Share
1	Minimal risk	3,668	17.6%	3,439	14.7%
2	Excellent credit standing	4,385	21.0%	3,076	13.2%
3	Very good credit standing	6,193	29.7%	7,692	33.0%
4	Good credit standing	5,649	27.1%	6,140	26.3%
5	Sound credit standing	418	2.0%	2,541	10.9%
6	Acceptable credit standing	433	2.1%	292	1.3%
7	Marginal credit standing	91	0.4%	139	0.6%
8	Weak credit standing/sub-standard	23	0.1%	12	0.1%
9	Very weak credit standing/doubtful	0	0.0%	1	0.0%
10	Default	3	0.0%	4	0.0%
NR	Not rated	0	0.0%	1	0.0%
Total		**20,864**	**100.0%**	**23,339**	**100.0%**

Credit exposure to banks declined in particular due to the decline in swap transactions in rating grades 2, 3 and 4 in Austria, Great Britain, Germany and France (mainly caused by the implementation of SA-CCR). Rating grade 3 also recorded a decline in money-market transactions, primarily in Austria and Germany. In addition, the rating upgrade for repo transactions of individual customers from rating grade 4 to rating grade 3 resulted in an increase. The decline in rating grade 5 was mainly due to the rating upgrade of one customer to rating grade 4.

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

in € million	2021	Share	2020	Share
Western Europe	10,712	51.3%	12,871	55.1%
Austria	3,417	16.4%	4,479	19.2%
Eastern Europe	1,790	8.6%	1,272	5.4%
Central Europe	1,084	5.2%	1,168	5.0%
Asia	689	3.3%	955	4.1%
Southeastern Europe	253	1.2%	234	1.0%
Other	2,918	14.0%	2,361	10.1%
Total	**20,864**	**100.0%**	**23,339**	**100.0%**

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

in € million	2021	Share	2020	Share
Repo	8,467	40.6%	8,625	37.0%
Loans and advances	5,201	24.9%	4,942	21.2%
Bonds	4,052	19.4%	3,914	16.8%
Money market	1,153	5.5%	1,865	8.0%
Derivatives	612	2.9%	2,631	11.3%
Other	1,378	6.6%	1,361	5.8%
Total	**20,864**	**100.0%**	**23,339**	**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 credit exposure to sovereigns includes local and regional governments. In the second quarter of 2021, a new sovereign rating model (approved by the ECB) was used, which led to a change in rating distribution.

Credit exposure to sovereigns (including central banks) by internal rating:

in € million		2021	Share	2020[1]	Share
1	Excellent credit standing	30,797	51.5%	32,835	67.4%
2	Very good credit standing	15,392	25.7%	10,344	21.2%
3	Good credit standing	7,391	12.3%	3,088	6.3%
4	Sound credit standing	3,811	6.4%	0	0.0%
5	Average credit standing	1,183	2.0%	662	1.4%
6	Mediocre credit standing	75	0.1%	1,806	3.7%
7	Weak credit standing	1,198	2.0%	0	0.0%
8	Very weak credit standing	0	0.0%	1	0.0%
9	Doubtful/high default risk	0	0.0%	0	0.0%
10	Default	1	0.0%	2	0.0%
NR	Not rated	0	0.0%	2	0.0%
Total		**59,849**	**100.0%**	**48,739**	**100.0%**

1 A more granular rating scale (with 27 grades) was implemented for the sovereign rating model in May 2021. The previous period was adjusted for the new master scale (PD bands). The change in the rating distribution from the model adjustment occurred in the reporting period.

The increase in credit exposure to sovereigns was primarily due to investments at local central banks and to repo transactions, bonds and money-market transactions, reflected, in particular, in the changes to rating grades 2 and 3. The rating of Bosnia and Herzegovina improved from rating grade 6 to rating grade 5. The rating of Belarus and the Ukraine declined from rating grade 6 to rating grade 7.

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

in € million	2021	Share	2020	Share
Loans and advances	28,111	47.0%	24,187	49.6%
Bonds	17,909	29.9%	16,809	34.5%
Repo	8,091	13.5%	4,207	8.6%
Money market	5,574	9.3%	3,423	7.0%
Derivatives	97	0.2%	42	0.1%
Other	67	0.1%	71	0.1%
Total	**59,849**	**100.0%**	**48,739**	**100.0%**

Loans and advances were the main driver for the increase in credit exposure to sovereigns, mainly due to deposits at the central banks of Slovakia, Croatia and Bulgaria. Repo transactions also increased in the Czech Republic (€ 3,862 million), as did bonds in Romania, in the United States of America, in Austria and France, partly offset by a decline in Russia, Hungary and Spain.

Non-investment grade credit exposure to sovereigns (rating grade 5 and below):

in € million	2021	Share	2020	Share
Ukraine	843	34.3%	1,073	43.4%
Albania	720	29.3%	635	25.7%
Bosnia and Herzegovina	465	18.9%	460	18.6%
Belarus	336	13.7%	207	8.4%
Other	94	3.8%	98	4.0%
Total	**2,458**	**100.0%**	**2,472**	**100.0%**

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

Non-performing exposures (NPE)

Since November 2019 RBI has fully applied the new definition of default of the CRR and also the corresponding requirements of the EBA (EBA/GL/2016/07). The new definition of default results in changes in the IRB approach. These adjustments must be approved by the competent supervisory authorities before implementation (Delegated Regulation EU 529/2014). RBI is currently working on these model adjustments. Due to the COVID-19 outbreak, RBI also implemented the EBA guideline (EBA/GL/2020/02) on legislative and non-legislative moratoriums for loan payments applied in light of the COVID-19 crisis, which was valid until 31 March 2021. This aimed to support the group units in providing the necessary relief measures to borrowers and mitigate the potential impact on the volumes of non-performing exposures with restructuring measures, forborne and defaulted/non-performing exposures, as well as their impact on the income statement.

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

	NPE		NPE ratio		NPE coverage ratio	
in € million	2021	2020	2021	2020	2021	2020
General governments	1	2	0.1%	0.1%	96.0%	91.6%
Banks	3	4	0.0%	0.0%	>100%	76.7%
Other financial corporations	113	95	1.0%	0.8%	39.7%	38.1%
Non-financial corporations	1,574	1,627	2.9%	3.7%	59.8%	58.1%
Households	1,131	1,112	2.8%	3.1%	68.3%	69.0%
Loans and advances	**2,822**	**2,840**	**1.8%**	**2.1%**	**62.5%**	**61.7%**
Bonds	**0**	**11**	**0.0%**	**0.1%**	**–**	**–**
Total	**2,823**	**2,851**	**1.6%**	**1.9%**	**62.5%**	**61.5%**

The volume of non-performing exposures declined € 28 million compared to the previous year to € 2,823 million. In organic terms, this was a decline of € 132 million. The integration of Equa bank and IMPULS-LEASING resulted in a € 52 million increase. In addition, the general currency trend led to a € 62 million increase, caused in particular by the appreciation of the Ukrainian hryvnia, the US dollar and the Russian ruble. The reduced non-performing exposure, the increase in investments at central banks and the higher credit volume reduced the NPE ratio 0.3 percentage points to 1.6 per cent. The coverage ratio increased 1.0 percentage points to 62.5 per cent.

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

in € million	As at 1/1/2021	Change in consolidated group	Exchange rate	Additions	Disposals	As at 31/12/2021
General governments	2	0	0	0	(1)	1
Banks	4	0	0	0	(1)	3
Other financial corporations	95	0	2	25	(9)	113
Non-financial corporations	1,627	26	34	364	(476)	1,574
Households	1,112	17	27	515	(538)	1,131
Loans and advances (NPL)	**2,840**	**42**	**62**	**903**	**(1,025)**	**2,822**
Bonds	**11**	**0**	**0**	**0**	**(10)**	**0**
Total (NPE)	**2,851**	**42**	**62**	**903**	**(1,035)**	**2,823**

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

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

	NPE		NPE ratio		NPE coverage ratio	
in € million	2021	2020	2021	2020	2021	2020
Central Europe	916	858	1.6%	1.9%	60.5%	63.1%
Southeastern Europe	756	769	2.4%	2.8%	69.3%	70.8%
Eastern Europe	350	399	1.5%	2.1%	66.9%	57.0%
Group Corporates & Markets	801	821	1.5%	1.7%	56.4%	53.4%
Corporate Center	0	3	0.0%	0.0%	100.0%	21.4%
Total	**2,823**	**2,851**	**1.6%**	**1.9%**	**62.5%**	**61.5%**

The € 50 million decline in non-performing exposure to € 350 million was mainly attributable to the Eastern Europe segment, due to Russia, primarily in non-financial corporations and households (including sales of € 57 million and derecognitions of € 24 million). The NPE ratio in relation to total exposure declined 0.6 percentage points to 1.5 per cent, while the coverage ratio increased 9.9 percentage points to 66.9 per cent.

In the Group Corporates & Markets segment, non-performing exposure declined € 21 million to € 801 million, with a 0.1 percentage point reduction in the NPE ratio compared to the year-end to 1.5 per cent and a 3.0 percentage point increase in the coverage ratio to 56.4 per cent.

Southeastern Europe also reported a slight € 12 million reduction in non-performing exposure to € 756 million. The reduction was mainly attributable to non-financial corporations in Albania, offset by an increase in non-financial corporations and households in Bulgaria. At year-end, the NPE ratio amounted to 2.4 per cent, a 0.3 percentage point reduction, while the coverage ratio declined 1.4 percentage points to 69.3 per cent.

Central Europe reported a € 57 million increase in non-performing exposure to € 916 million, for which Hungary, at € 56 million, was primarily responsible, mainly in non-financial corporations (€ 37 million) and households (€ 19 million). In contrast, the NPE ratio in relation to the total exposure declined 0.3 percentage points to 1.6 per cent, caused by an increase in investments at central banks, while the coverage ratio declined 2.6 percentage points to 60.5 per cent.

Non-performing exposure with restructuring measures:

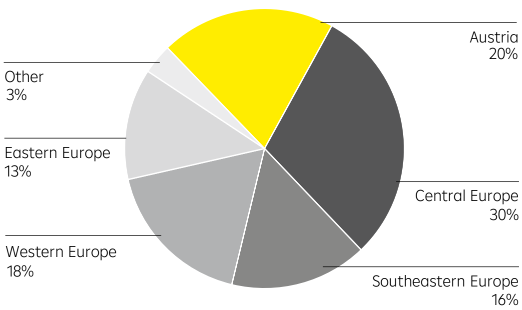
	Refinancing		Instruments with modified time and modified conditions		Total	
in € million	2021	2020	2021	2020	2021	2020
General governments	0	0	1	2	1	2
Banks	0	0	0	0	0	0
Other financial corporations	8	0	60	40	69	40
Non-financial corporations	215	55	804	782	1,019	838
Households	11	8	297	276	308	284
Total	**235**	**64**	**1,162**	**1,099**	**1,397**	**1,163**

Non-performing exposure with restructuring measures by segments:

in € million	2021	Share	2020	Share
Central Europe	328	23.5%	229	19.7%
Southeastern Europe	261	18.7%	266	22.9%
Eastern Europe	179	12.8%	156	13.4%
Group Corporates & Markets	628	45.0%	512	44.0%
Total	**1,397**	**100.0%**	**1,163**	**100.0%**

Country risk

Credit exposure by risk country taking into consideration the guarantor



Country risk includes transfer and convertibility risk, as well as political risk and macroeconomic risk in a broader sense. For RBI, it arises from cross-border transactions and operations in foreign countries via its subsidiaries. Activities in core markets are given particular attention in this respect.

Active country risk management is ensured across the Group based on the country risk policy regularly approved by the Management Board. This policy is part of the credit portfolio limit system and sets a strict limitation on cross-border risk exposure to individual countries in order to avoid risk concentrations. At the same time, the policy is designed to incentivize risk-taking within the RBI's core markets. The limit levels for individual countries are established using an internal model based on pillars such as the Group's own capitalization, the internal sovereign rating, and the size and dynamics of the country and its banking sector.

Country risk is also reflected in product pricing and in risk-adjusted performance measurement via the internal funds transfer pricing system. In this way, RBI provides the business units with an incentive to mitigate country risk (e.g. by taking out insurance with export credit insurance organizations or seeking guarantors in third countries). The insights gained from the country risk analysis are not only used for limiting the total cross-border exposure, but also for managing the total credit exposure in each individual country (i.e. including the exposure funded by local deposits). RBI thus gears its business activities to the expected macroeconomic trends within the different markets, which promotes broad diversification of its credit portfolio.

Concentration risk

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

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

Credit exposures across all asset classes by the borrower's country of risk, grouped by regions:

in € million	2021	Share	2020	Share
Central Europe	**69,380**	**29.9%**	**54,122**	**26.7%**
Czech Republic	31,130	13.4%	22,382	11.0%
Slovakia	22,228	9.6%	18,069	8.9%
Hungary	10,841	4.7%	8,825	4.4%
Poland	4,610	2.0%	4,435	2.2%
Other	572	0.2%	411	0.2%
Austria	**46,936**	**20.2%**	**46,696**	**23.0%**
Western Europe	**41,056**	**17.7%**	**38,581**	**19.0%**
Germany	12,356	5.3%	10,968	5.4%
France	6,784	2.9%	5,902	2.9%
Great Britain	4,413	1.9%	8,063	4.0%
Switzerland	4,211	1.8%	2,611	1.3%
Luxembourg	2,395	1.0%	1,791	0.9%
Netherlands	1,795	0.8%	1,554	0.8%
Spain	2,654	1.1%	2,491	1.2%
Italy	1,693	0.7%	1,310	0.6%
Other	4,755	2.0%	3,890	1.9%
Southeastern Europe	**36,906**	**15.9%**	**32,972**	**16.3%**
Romania	14,459	6.2%	12,873	6.3%
Bulgaria	6,413	2.8%	5,552	2.7%
Croatia	6,368	2.7%	5,749	2.8%
Serbia	4,490	1.9%	3,876	1.9%
Bosnia and Herzegovina	2,293	1.0%	2,312	1.1%
Albania	1,798	0.8%	1,607	0.8%
Other	1,085	0.5%	1,003	0.5%
Eastern Europe	**29,826**	**12.8%**	**23,294**	**11.5%**
Russia	23,339	10.1%	18,092	8.9%
Ukraine	4,253	1.8%	3,165	1.6%
Belarus	1,906	0.8%	1,781	0.9%
Other	328	0.1%	257	0.1%
Asia	**2,450**	**1.1%**	**2,327**	**1.1%**
North America	**2,992**	**1.3%**	**2,278**	**1.1%**
Rest of World	**2,636**	**1.1%**	**2,457**	**1.2%**
Total	**232,183**	**100.0%**	**202,727**	**100.0%**

Central Europe recorded the largest increase, due primarily to higher deposits at the Slovakian and Czech central banks, as well as to the acquisition of Equa bank in the Czech Republic. In Romania, the increase was attributable to credit financing and facility financing. In Russia, credit and facility financing increased – including for currency-related reasons – as did guarantees issued and repo transactions.

Credit exposure across all asset classes by currencies:

in € million	2021	Share	2020	Share
Euro (EUR)	120,195	51.8%	114,799	56.6%
Czech koruna (CZK)	28,232	12.2%	20,190	10.0%
US dollar (USD)	23,186	10.0%	17,446	8.6%
Russian ruble (RUB)	18,143	7.8%	13,781	6.8%
Romanian leu (RON)	10,118	4.4%	8,564	4.2%
Hungarian forint (HUF)	8,556	3.7%	7,139	3.5%
Bulgarian lev (BGN)	4,372	1.9%	3,505	1.7%
Ukrainian hryvnia (UAH)	3,478	1.5%	2,551	1.3%
Croatian kuna (HRK)	3,465	1.5%	3,406	1.7%
Swiss franc (CHF)	2,572	1.1%	2,687	1.3%
Bosnian marka (BAM)	2,298	1.0%	2,286	1.1%
Serbian dinar (RSD)	2,100	0.9%	1,834	0.9%
Albanian lek (ALL)	1,330	0.6%	1,210	0.6%
Belarusian ruble (BYN)	1,058	0.5%	865	0.4%
Other foreign currencies	3,080	1.3%	2,464	1.2%
Total	**232,183**	**100.0%**	**202,727**	**100.0%**

The Group's credit exposure based on industry classification:

in € million	2021	Share	2020	Share
Banking and insurance	66,636	28.7%	60,676	29.9%
Private households	44,857	19.3%	38,702	19.1%
Other manufacturing	19,954	8.6%	17,017	8.4%
Public administration and defense and social insurance institutions	18,788	8.1%	17,561	8.7%
Wholesale trade and commission trade (except car trading)	18,135	7.8%	14,255	7.0%
Real estate activities	13,017	5.6%	11,065	5.5%
Construction	6,404	2.8%	5,980	2.9%
Retail trade except repair of motor vehicles	6,144	2.6%	5,560	2.7%
Electricity, gas, steam and hot water supply	4,852	2.1%	3,736	1.8%
Manufacture of basic metals	3,240	1.4%	2,435	1.2%
Manufacture of food products and beverages	2,925	1.3%	2,261	1.1%
Other business activities	2,881	1.2%	2,334	1.2%
Land transport, transport via pipelines	2,599	1.1%	2,254	1.1%
Other transport	2,115	0.9%	1,914	0.9%
Manufacture of machinery and equipment	1,875	0.8%	1,735	0.9%
Extraction of crude petroleum and natural gas	1,389	0.6%	1,057	0.5%
Sale of motor vehicles	1,346	0.6%	1,210	0.6%
Other industries	15,024	6.5%	12,975	6.4%
Total	**232,183**	**100.0%**	**202,727**	**100.0%**

Structured credit portfolio

The Group invests in structured products. The total exposure to structured products showed a nominal amount of € 340 million (previous year: € 515 million) and a carrying amount of € 234 million (previous year: € 168 million). These are mainly investments in asset-backed securities (ABS), asset-based financing (ABF), and in some cases collateralized debt obligations (CDO). A total of 68 per cent of the portfolio (previous year: 12 per cent) contains loans and advances to European customers. The year-on-year reduction in nominals is attributable to sales and interim repayments based on the repayment schedule.

Counterparty credit risk

The default of a counterparty in a derivative, repurchase, securities lending, or borrowing transaction can lead to losses from re-establishing an equivalent contract. In the Group this risk is measured by the mark-to-market approach where a predefined add-on is added to the current positive fair value of the contract in order to account for potential future changes. For internal management purposes potential price changes, which affect the fair value of an instrument, are calculated specifically for different contract types based on historical market price changes.

For derivative contracts the standard limit approval process applies, where the same risk classification, limitation, and monitoring process is used as for traditional lending. In doing so, the weighted nominal exposure of derivative contracts is added to the customers' total exposure in the limit application and monitoring process as well as in the calculation and allocation of internal capital.

An important strategy for reducing counterparty credit risk is utilization of credit risk mitigation techniques such as netting agreements and collateralization. In general, the Group strives to establish standardized ISDA master agreements with all major counterparties for derivative transactions in order to be able to perform close-out netting and credit support annexes (CSA) for full risk coverage for positive fair values on a daily basis.

(53) Market risk

The Group defines market risk as the risk of possible losses arising from changes in market prices of trading and investment positions. Market risk estimates are based on changes in exchange rates, interest rates, credit spreads, equity and commodity prices, and other market parameters (e.g. implied volatilities).

Market risks from the customer divisions are transferred to the Treasury division using the transfer price method. Treasury is responsible for managing structural market risks and for complying with the Group's overall limit. The Capital Markets division is responsible for proprietary trading, market making, and customer business in money market and capital market products.

During the COVID-19 crisis, the following measures were taken by market risk management in 2020 in order to counter the crisis. Market trends and position changes in the individual portfolios for RBI AG and the Group units were monitored more intensely and in addition to the regular committees, the results were also reported to the Contingency Committee. In addition, trends on local markets were updated daily and risk management was actively controlled to be able to respond quickly to changes. The aim was to adapt limits to the risk appetite, close positions where necessary, build up liquidity buffers where market conditions were more favorable, and adapt models to local and global measures (moratoriums) where necessary.

Organization of market risk management

All market risks are measured, monitored, and managed on Group level. The Market Risk Committee is responsible for strategic market risk management issues. It is responsible for managing and controlling all market risks in the Group. The Group's overall limit is set by the Management Board on the basis of the risk-taking capacity and income budget. This limit is apportioned to sub-limits in coordination with business divisions according to the strategy, business model and risk appetite.

The Market Risk Management department ensures that the business volume and product range comply with the defined strategy of the Group. It is responsible for implementing and enhancing risk management processes, risk management infrastructure and systems, manuals, and measurement techniques for all market risk categories and credit risk arising from market price changes in derivative transactions. Furthermore, Market Risk Management independently measures and reports all market risks on a daily basis.

All products in which open positions can be held are listed in the product catalog. New products are added to this list only after successfully completing the product approval process. Product applications are investigated thoroughly for any risks. They are approved only if the new products can be implemented in the bank's front- and back-office and risk management systems.

Limit system

The Group uses a comprehensive risk management approach for both the trading and the banking books (total-return approach). Market risk is therefore managed consistently in all trading and banking books. The following indicators are measured and limited on a daily basis in the market risk management system:

- Value-at-Risk (VaR) – confidence level 99 per cent
  Value-at-Risk is the main market risk steering instrument in liquid markets and normal market situations. Two different methods of calculation are used, depending on the steering approach. The consistency between P&L and risk figures is in parallel necessary with the economic scope of RBI in order to ensure comprehensive control. The change of the limit system was approved by the regulator. For the overall portfolio including the banking book, a model is used that is based on a historical simulation and which is suitable for longer-term steering of the market risks from the banking books (ALL model, confidence level 99 per cent, risk horizon 20 days). The calculation is based on overlapping 20-day returns of the last seven years and is also used for allocating economic capital. For all market risks with a direct impact on the income statement, a model is used that provides a good forecast of short-term volatility (IFRS P&L model, confidence level 99 per cent, risk horizon 1 day). The Austrian Financial Market Authority has approved this approach as an internal model for calculating the total capital requirement for market risks for RBI AG's trading book. Both models calculate value-at-risk indicators for changes in the risk factors foreign currencies, interest rate trend, credit spreads, implicit volatility, stock indices and basis spreads.
- Sensitivities (to changes in exchange rates and interest rates, gamma, vega, equity and commodity prices)
  Sensitivity limits are to ensure that concentrations are avoided in normal market situations and are the main steering instrument under extreme market situations and in illiquid markets or in markets that are structurally difficult to measure.
- Stop loss
  Stop loss limits serve to strengthen the discipline of traders such that they do not allow losses to accumulate on their own proprietary positions but strictly limit them instead.

A comprehensive stress testing concept complements this multi-level limit system. It simulates potential present value changes of defined scenarios for the total portfolio. The results on market risk concentrations shown by these stress tests are reported to the Market Risk Committee and taken into account when setting limits. Stress test reports for individual portfolios are included in daily market risk reporting.

Value-at-Risk (VaR)

The following tables show the risk indicators (VaR ALL 99 per cent, 20 days and VaR IFRS-P&L 99 per cent, 1 day) for the individual market risk categories in the trading book and the banking book. The Group's VaR mainly results from structural equity positions, structural interest rate risk, and credit spread risks of bonds, which are held as liquidity buffer. Due to the introduction of these two VaR calculation methods, it is not possible to make a direct comparison with year-end 2020. The IFRS-P&L model aims to measure short-term market fluctuations, while the ALL model focuses on measuring structural interest rate risks. Generally, it can be said that an increase in VaR compared to year-end 2020 was primarily due to the credit spread risk in the euro financial sector and Russian and Serbian sovereign bonds. The currency risk was mitigated through corresponding hedges. The development of the interest rate risk was largely due to the euro and ruble yield curve. The development in the VaR for the trading book remained relatively stable.

Model IFRS-P&L trading book VaR (99%, 1d) in € million	VaR as at 2021	Average VaR	Minimum VaR	Maximum VaR
Currency risk	4	5	2	10
Interest rate risk	2	2	1	3
Credit spread risk	2	2	1	4
Share price risk	0	1	0	1
Vega risk	0	0	0	1
Basis risk	1	1	0	1
Total	6	7	4	12

Model IFRS-P&L total VaR (99%, 1d) in € million	VaR as at 2021	Average VaR	Minimum VaR	Maximum VaR
Currency risk	4	5	3	11
Interest rate risk	2	8	2	25
Credit spread risk	3	3	2	7
Share price risk	0	1	0	1
Vega risk	1	0	0	1
Basis risk	1	1	1	2
Total	7	12	7	27

Model ALL banking book VaR (99%, 20d) in € million	VaR as at 2021	Average VaR	Minimum VaR	Maximum VaR
Currency risk	14	13	6	25
Interest rate risk	19	15	4	34
Credit spread risk	110	81	47	118
Vega risk	4	4	1	12
Basis risk	3	2	1	4
Total	169	158	127	201

Model ALL total VaR (99%, 20d) in € million	VaR as at 2021	Average VaR	Minimum VaR	Maximum VaR
Currency risk	10	11	5	23
Interest rate risk	21	18	6	37
Credit spread risk	111	82	49	121
Share price risk	0	1	0	1
Vega risk	4	4	1	12
Basis risk	3	2	1	5
Total	173	160	124	203

Trading book VaR (99%, 1d) in € million	VaR as at 2020	Average VaR	Minimum VaR	Maximum VaR
Currency risk	5	3	0	12
Interest rate risk	2	3	1	6
Credit spread risk	2	2	1	4
Share price risk	1	1	0	1
Vega risk	0	0	0	2
Basis risk	0	1	0	2
Total	5	6	2	12

Banking book VaR (99%, 1d) in € million	VaR as at 2020	Average VaR	Minimum VaR	Maximum VaR
Currency risk	11	15	9	37
Interest rate risk	14	23	7	71
Credit spread risk	83	45	20	114
Vega risk	3	4	2	13
Basis risk	2	4	1	14
Total	74	57	29	143

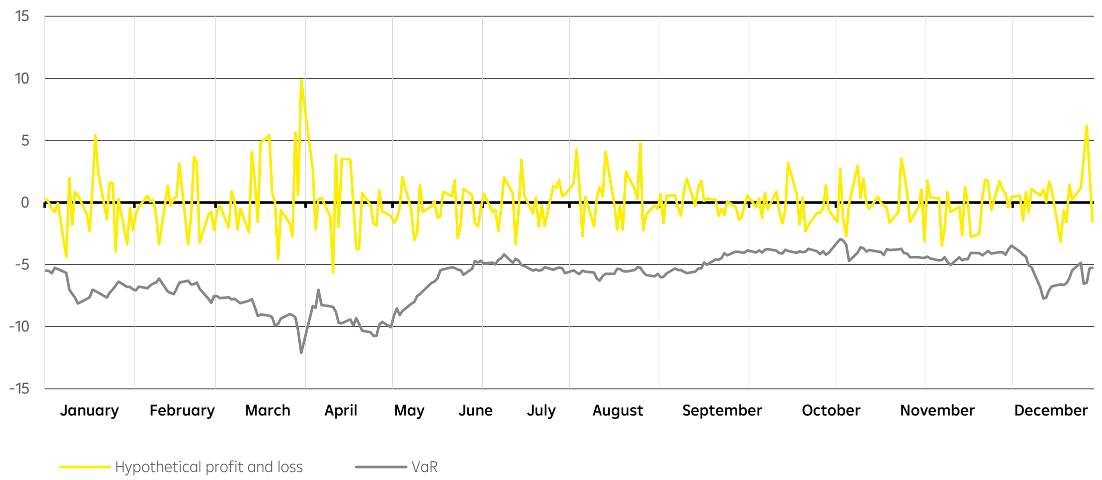
Total VaR (99%, 1d) in € million	VaR as at 2020	Average VaR	Minimum VaR	Maximum VaR
Currency risk	7	13	6	38
Interest rate risk	15	26	8	77
Credit spread risk	84	46	21	116
Share price risk	1	1	0	1
Vega risk	3	5	2	13
Basis risk	2	4	1	15
Total	73	58	30	148

The risk measurement approaches employed are verified – besides analyzing returns qualitatively – on an ongoing basis through backtesting and statistical validation techniques. If model weaknesses are identified, then they are adapted accordingly.

In the 2021 reporting year, there were no hypothetical backtesting violations. The following graph compares the VaR to the theoretical gains and losses on a daily basis. The VaR represents the maximum loss which will not be exceeded within one day, with a confidence level of 99 per cent. It is compared to the respective theoretical gain or loss which would arise on the following day due to the actual market conditions at the time.

Value-at-Risk and theoretical market price changes of trading book

in € million



Exchange rate risk and capital (ratio) hedge

Market risk in the Group results primarily from exchange rate risk, which stems from foreign-currency denominated equity investments in foreign Group units and the corresponding hedging positions entered into by the Group Asset/Liability Committee. In a narrow sense, exchange rate risk denotes the risk of losses being incurred due to open foreign exchange positions. However, exchange rate fluctuations also influence current revenues and expenses. They also affect regulatory capital requirements for assets denominated in foreign currencies, even if they are financed in the same currency and thus do not create an open foreign exchange position.

The Group holds material equity participations located outside of the euro area with equity denominated in the corresponding local currency. Also, a significant share of risk-weighted assets in the Group is denominated in foreign currencies. Changes in foreign exchange rates thus lead to changes in the consolidated capital of the Group and to changes in the total capital requirement for credit risk as well.

From a regulatory perspective, the ECB approved a waiver for the Group which permits a reduction in the RWA's associated with market risk. This requires that the Group follow a specific hedging strategy that allows the exchange rate risks to be protected against potential shocks.

In order to manage exchange rate risk, RBI currently follows a stable capital ratio strategy. The goal of this hedging strategy is to balance tier 1 capital and risk-weighted assets in all currencies according to the targeted tier 1 ratio (i.e. reduce excess capital or deficits in relation to risk-weighted assets for each currency) such that the tier 1 ratio remains stable even if foreign exchange rates change. The Group aims at stabilizing its capital ratio when managing exchange rate risks. Changes in foreign exchange rates thus lead to changes in the consolidated equity amount; however, the regulatory capital requirement for credit risks stemming from assets denominated in foreign currencies also changes correspondingly. This risk is managed on a monthly basis in the Group Asset/Liability Committee based on historical foreign exchange volatilities, exchange rate forecasts, and the sensitivity of the tier 1 ratio to changes in individual foreign exchange rates.

The following table shows all material open foreign exchange rate positions as at 31 December 2021 and the corresponding values for the previous year. The figures include both trading positions as well as capital positions of the subsidiaries with foreign-currency denominated statements of financial position (short positions are shown with a negative sign and long positions with a positive sign).

in € million	2021	2020
ALL	20	(31)
BAM	74	106
BGN	422	61
BYN	231	117
CNY	(356)	(2)
CHF	2	(339)
CZK	443	198
HRK	496	352
HUF	238	(91)
PLN	146	(7)
RON	590	182
RSD	328	345
RUB	281	228
UAH	129	22
USD	(666)	(551)

Interest rate risk in the trading book

The largest present-value changes for the trading book of the Group given a one-basis-point interest rate increase for the whole yield curve in € thousand.

2021 in € thousand	Total	< 3m	> 3 to 6 m	> 6 to 12 m	> 1 to 2 y	> 2 to 3 y	> 3 to 5 y	> 5 to 7 y	> 7 to 10 y	> 10 to 15 y	> 15 to 20 y	>20y
ALL	0	0	0	0	0	0	0	0	0	0	0	0
CHF	17	21	(4)	(2)	(1)	0	3	(1)	(1)	1	0	0
CNY	5	0	0	5	0	0	0	0	0	0	0	0
CZK	45	(3)	17	4	13	16	8	(5)	(5)	(1)	0	0
EUR	(214)	(14)	(7)	(14)	9	(14)	(23)	(39)	44	(25)	(22)	(109)
HRK	(22)	1	(1)	(3)	(6)	(4)	(6)	(3)	0	0	0	0
HUF	1	(1)	3	0	2	(2)	(3)	0	4	0	2	(4)
NOK	1	0	0	0	1	0	0	0	0	0	0	0
PLN	(2)	(3)	(9)	4	4	0	(2)	1	4	0	0	0
RON	(7)	1	(1)	(3)	(5)	2	2	1	(3)	(1)	0	0
RUB	(20)	2	(4)	(13)	(18)	14	14	(9)	(4)	(1)	0	0
UAH	(24)	(1)	0	(1)	(7)	(5)	(7)	(3)	0	0	0	0
USD	(51)	0	(4)	(6)	3	0	7	(14)	2	(32)	10	(18)
Other	(6)	2	1	(1)	(3)	2	(3)	(1)	(1)	0	0	0

The presentation of currencies changed year-on-year depending on the absolute amount of interest rate sensitivity.

2020 in € thousand	Total	< 3 m	> 3 to 6 m	> 6 to 12 m	> 1 to 2 y	> 2 to 3 y	> 3 to 5 y	> 5 to 7 y	> 7 to 10 y	> 10 to 15 y	> 15 to 20 y	>20y
ALL	0	0	0	0	0	0	0	0	0	0	0	0
CHF	1	0	(1)	2	(2)	(1)	3	(1)	0	1	0	0
CNY	4	0	0	4	0	0	0	0	0	0	0	0
CZK	26	(1)	3	13	18	(1)	(1)	(2)	(1)	(1)	0	0
EUR	(300)	(2)	(10)	(17)	(15)	(22)	9	(28)	(31)	(72)	(49)	(63)
HRK	(5)	1	0	9	(4)	(4)	(6)	0	(1)	1	0	0
HUF	(10)	4	(3)	(2)	(6)	6	(5)	(7)	6	1	(3)	0
NOK	0	0	0	0	(1)	1	0	0	0	0	0	0
PLN	7	(6)	(1)	(2)	6	4	(11)	14	4	0	0	0
RON	(13)	1	3	(1)	(4)	(3)	5	(11)	(2)	(1)	0	0
RUB	(76)	(2)	7	(5)	(18)	(29)	(8)	(15)	(9)	4	0	0
UAH	(20)	0	0	(2)	(4)	(5)	(7)	(2)	0	0	0	0
USD	(16)	5	(13)	18	(26)	14	8	(16)	34	(70)	36	(7)
Other	(16)	0	0	(1)	(3)	(2)	1	(1)	(3)	(7)	0	0

Interest rate risk in the banking book

Different maturities and repricing schedules of assets and the corresponding liabilities (i.e. deposits and financing from money markets and capital markets) cause interest rate risk in the Group. This risk arises in particular from different interest rate sensitivities, rate adjustments, and other optionality of expected cash flows. Interest rate risk in the banking book is material for the euro and US dollar as major currencies as well as for local currencies of Group units located in Central and Eastern Europe.

This risk is mainly hedged by a combination of transactions on and off the statement of financial position where in particular interest rate swaps and – to a smaller extent – also interest rate forwards and interest rate options are used. Management of the statement of financial position is a core task of the central Global Treasury division and of individual network banks, which are supported by the Group Asset/Liability Committee. They base their decisions on various interest income analyses and simulations that ensure proper interest rate sensitivity in line with expected changes in market rates and the overall risk appetite.

Interest rate risk in the banking book is not only measured within a value-at-risk framework but also managed by the traditional tools of nominal and interest rate gap analyses. Interest rate risk is subject to quarterly reporting in the context of the interest rate risk statistic submitted to the banking supervisor. This report also shows the change in the present value of the banking book as a percentage of total capital in line with the CRR requirements. Maturity assumptions needed in this analysis are defined as specified by regulatory authorities and based on internal statistics and empirical values.

Change in the present value of the Group's banking book given a one-basis point interest rate increase in € thousand:

2021 in € thousand	Total	< 3 m	> 3 to 6 m	> 6 to 12 m	> 1 to 2 y	> 2 to 3 y	> 3 to 5 y	> 5 to 7 y	> 7 to 10 y	> 10 to 15 y	> 15 to 20 y	>20y
ALL	34	(1)	(1)	(7)	6	26	(2)	1	5	8	1	(1)
BGN	(83)	(5)	8	49	8	(29)	(50)	(10)	(52)	(1)	0	0
BYN	0	0	0	(3)	2	3	3	0	(2)	(2)	0	0
CHF	(125)	(57)	(2)	(2)	(6)	(3)	2	(8)	(24)	(14)	(7)	(3)
CNY	(3)	0	(1)	(2)	0	0	0	0	0	0	0	0
CZK	(356)	42	8	35	(153)	(78)	(207)	(62)	(91)	147	2	0
EUR	(2,379)	140	(109)	(320)	(546)	(354)	320	(96)	(778)	(217)	(418)	(3)
GBP	(23)	(4)	(3)	0	1	(1)	(15)	(2)	0	0	0	0
HRK	224	(3)	(3)	16	(4)	18	122	(8)	81	3	1	0
HUF	(69)	14	0	(7)	(5)	(20)	(41)	(28)	14	4	0	0
PLN	(11)	0	(7)	1	0	(1)	(3)	0	0	0	0	0
RON	(308)	(5)	4	18	(25)	10	(17)	(87)	(118)	(56)	(27)	(4)
RSD	(2)	1	(2)	6	(13)	3	6	(3)	0	0	0	0
RUB	(215)	16	(8)	48	(182)	(111)	(61)	84	64	(56)	(8)	(1)
SGD	0	0	0	0	0	0	0	0	0	0	0	0
UAH	(17)	4	(1)	0	3	(4)	(15)	(3)	(1)	(1)	0	0
USD	168	9	(11)	3	33	19	50	2	6	35	21	0
Other	(43)	(5)	(4)	(7)	(4)	(5)	(4)	(1)	(2)	(4)	(6)	(1)

The presentation of currencies changed year-on-year depending on the absolute amount of interest rate sensitivity.

2020 in € thousand	Total	< 3 m	> 3 to 6 m	> 6 to 12 m	> 1 to 2 y	> 2 to 3 y	> 3 to 5 y	> 5 to 7 y	> 7 to 10 y	> 10 to 15 y	> 15 to 20 y	>20y
ALL	32	0	(1)	(6)	9	16	13	1	6	1	(4)	(3)
BGN	7	(5)	7	37	31	15	(39)	(7)	(29)	(2)	(1)	0
BYN	(20)	(2)	(1)	(5)	(2)	(1)	(3)	(2)	(3)	(2)	0	0
CHF	(202)	(41)	(4)	4	(4)	(12)	(12)	(11)	(35)	(43)	(32)	(12)
CNY	(3)	0	(1)	(2)	0	0	0	0	0	0	0	0
CZK	74	(2)	(5)	26	(61)	(39)	11	63	90	45	(46)	(7)
EUR	(1,836)	70	(45)	(204)	(406)	(330)	154	302	(704)	(339)	(379)	45
GBP	(33)	0	(2)	0	(13)	(5)	(5)	(8)	0	0	0	0
HRK	154	(2)	(2)	9	1	(12)	105	(11)	49	17	0	0
HUF	(94)	5	(3)	0	(18)	(17)	(39)	(54)	34	(2)	(1)	0
PLN	(21)	0	(1)	2	(8)	(5)	(7)	(2)	0	0	0	0
RON	(277)	(8)	1	12	7	(20)	29	(124)	(76)	(60)	(32)	(6)
RSD	(27)	1	(2)	0	(15)	2	(2)	(12)	2	0	0	0
RUB	235	(16)	2	(20)	8	0	56	66	144	(6)	1	0
SGD	1	0	0	1	0	0	0	0	0	0	0	0
UAH	(29)	5	2	3	(10)	(5)	(15)	(7)	(1)	(1)	0	0
USD	106	20	(21)	45	6	(6)	51	(3)	9	3	1	0
Other	(53)	(3)	(5)	(7)	(8)	(4)	(8)	(6)	(1)	(3)	(5)	(2)

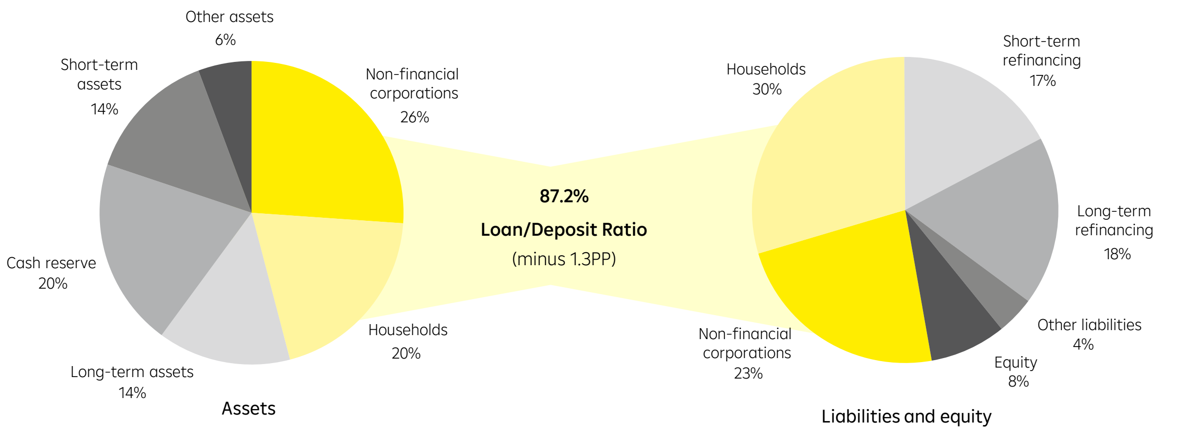
Credit spread risk

The market risk management framework uses time-dependent bond and CDS spread curves as risk factors in order to measure credit spread risks. It captures all capital market instruments in the trading and banking books.

(54) Liquidity management

Funding structure

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



Principles

Internal liquidity management is an important business processes within general bank management, because it ensures the continuous availability of funds required to cover day-to-day demands.

Liquidity adequacy is ensured from both an economic and a regulatory perspective. In order to approach the economic perspective RBI Group established a governance framework comprising internal limits and steering measures which complies with the Principles for Sound Liquidity Risk Management and Supervision set out by the Basel Committee on Banking Supervision and the Kreditinstitute-Risikomanagement-Verordnung (KI-RMV) issued by the Austrian regulatory authority.

The regulatory component is addressed by complying with the reporting requirements under Basel III (Liquidity Coverage Ratio, Net Stable Funding Ratio, and Additional Liquidity Monitoring Metrics) as well as by complying with the regulatory limits. In addition, some Group units have additional liquidity and reporting requirements set by their local supervisory authorities.

Organization and responsibility

Responsibility for ensuring adequate levels of liquidity lies with the overall Management Board. The board members with functional responsibility are the Chief Financial Officer (Treasury) and the Chief Risk Officer (Risk Controlling). Accordingly, the processes regarding liquidity risk are essentially run by two areas within the bank: Firstly the Treasury units, which take on liquidity risk positions within the strategy, guidelines and parameters set by the responsible decision-making bodies. Secondly, they are monitored and supported by independent Risk Controlling units, which measure and model liquidity risk positions, set limits and supervise compliance with those.

Besides the responsible units in the line functions, all network banks have respective asset/liability management committees (ALCOs). These committees act as decision-making bodies with respect to all matters affecting the management of the liquidity position and balance sheet structure of a unit including the definition of strategies and policies for managing liquidity risks. The ALCOs take decisions and provide standard reports on liquidity risk to the Board of Management at least on a monthly basis. On group level these functions are taken by the RBI Group ALCO. Treasury operations and the respective ALCO decisions are mainly based on Group-wide, standardized Group rules and their local supplements, which take specific regional factors into account.

Liquidity strategy

Treasury units are committed to achieving KPIs and to complying with risk-based principles. The current set of KPIs includes general targets (e.g. for return on risk-adjusted capital (RORAC) or coverage ratios), as well as specific Treasury targets for liquidity such as a minimum survival period in defined stress scenarios or minimum liquidity targets in regulatory indicators. While generating an adequate structural income from maturity transformation which reflects the liquidity and market risk positions taken by the bank, Treasury has to follow a prudent and sustainable risk policy when steering the balance sheet. Strategic goals comprise a reduction of parent funding within the group, the sustainable management of the depositor base and credit growth as well as continuous compliance with regulatory requirements and the internal limit framework.

Liquidity risk framework

Regulatory and internal liquidity reports and ratios are generated based on certain modelling assumptions. Whereas the regulatory reports are calculated on specifications given by authorities, the internal reports are modelled with assumptions from empirical observations.

The Group has a substantial database along with expertise in forecasting cash flows arising from all material on- and off-balance sheet positions. The modelling of liquidity inflows and outflows is carried out on an appropriate granular level, differentiating between product and customer segments, and, where applicable, currencies as well. Modelling of retail and corporate customer deposits includes assumptions concerning the retention times for deposits after maturity. The model assumptions are quite prudent, e.g. there is a no-rollover assumption on funding from banks and all funding channels and the liquidity buffer are stressed simultaneously.

The cornerstones of the economic liquidity risk framework are the Going Concern (GC) and the Time to Wall (TTW) scenario. The Going Concern report shows the structural liquidity position. It covers all main risk drivers which could detrimentally affect the group in a business-as-usual scenario. The Going Concern models are important input factors for the liquidity contribution to the internal funds transfer pricing model. On the other hand, the Time to Wall report shows the survival horizon for defined adverse scenarios and stress models (market, reputational and combined crisis) and determines the minimum level of the liquidity buffer (and/or the counter-balancing capacity) of the Group and its individual units.

The liquidity scenarios are modelled using a Group-wide approach, acknowledging local specifications where they are justified by influencing factors such as the market or legal environment or certain business characteristics; the calculation is performed at RBI AG. The modelling of cash inflows and outflows differentiates between product and customer segments, while if applicable, a distinction is also made between different currencies. For products without a contractual maturity, the distribution of cash inflows and outflows is calculated using a geometric Brownian motion which derives the statistical forecasts for future daily balances from the observed, exponentially weighted historical volatility of the corresponding products.

The liquidity risk framework is continuously developed at both Group level and at the level of the individual Group units. The technical infrastructure is enhanced in numerous Group-wide projects and data availability is improved in order to meet the new reporting and management requirements for this area of risk.

Risk appetite and liquidity limits

The liquidity position is monitored on Group level and on individual unit level and is restricted by means of a comprehensive limit system. Limits are defined both under a business-as-usual as well as under a stress perspective. In accordance with the defined risk appetite, each Group unit must demonstrate a survival horizon of several months (TTW) in a severe, combined stress scenario (reputational and market stress). This can be ensured either by a structurally positive liquidity profile or by a sufficiently high liquidity buffer. In a normal going-concern environment, maturity transformation must be fully covered by the available liquidity buffer in the medium term. This means that the cumulative liquidity position over a period of up to one year must be positive. In the long term (one year or more), maturity transformation is permitted up to a certain level. The internal model limits are supplemented by limits for compliance with regulatory liquidity ratios, such as the liquidity coverage ratio. All limits must be complied with on a daily basis.

Liquidity monitoring

The bank uses a range of customized measurement tools and early warning indicators that provide board members and senior management with timely and forward-looking information. The limit framework ensures that the bank can continue to operate in a period of severe stress.

Monitoring of limits and reporting limit compliance is performed regularly and effectively. Any breach by Group units is reported to the Group ALCO and escalated. In such cases, appropriate steps are undertaken in consultation with the relevant unit or contentious matters are escalated to the next highest responsible body.

Liquidity stress testing

Stress tests are conducted for RBI AG and the network banks on a daily basis and on Group level. The tests cover three scenarios (market, reputational and combined crisis), consider the effects of the scenarios for a period of several months and demonstrate that stress events can simultaneously result in a time-critical liquidity requirement in several currencies. The stress scenarios include the principal funding and market liquidity risks. This means that in the stress tests of the Group, all network units are simultaneously subject to a pronounced combined crisis for all their major products. The results of the stress tests are reported to the Chief Risk Officer and the Chief Financial Officer as well as other members of management on a weekly basis; they also form a key component of the monthly ALCO meetings and are included in the bank's strategic planning and contingency planning.

A conservative approach is adopted when establishing outflow ratios based on historical data and expert opinions. The simulation assumes a lack of access to the money or capital market and simultaneously significant outflows of customer deposits. In this respect, the deposit concentration risk is also considered by assigning higher outflow ratios to large customers. Furthermore, stress assumptions are formulated for the drawdown of guarantees and credit obligations. In addition, the liquidity buffer positions are adapted by haircuts in order to cover the risk of disadvantageous market movements, and the potential outflows resulting from collateralized derivative transactions are estimated. The bank continuously monitors whether the stress assumptions are still appropriate or whether new risks need to be considered.

The time-to-wall concept has established itself as the main control instrument for day-to-day liquidity management and is therefore a central component of funding planning and budgeting. It is also fundamental to determining performance ratios relating to liquidity.

Liquidity buffer

As shown by the daily liquidity risk reports, the main Group units actively maintain and manage liquidity buffers, including high-quality liquid assets (HQLA) which are always sufficient to cover the net outflows expected in crisis scenarios. The Group has sizeable, unencumbered and liquid securities portfolios and favors securities eligible for Central Bank tender transactions in order to ensure sufficient liquidity in various currencies. The main Group units ensure the availability of liquidity buffers, test their ability to utilize central bank funds, constantly evaluate their collateral positions as regards their market value and encumbrance and examine the remaining counterbalancing capacity, including the funding potential and the salability of the assets.

Generally, a haircut is applied to all liquidity buffer positions. In the stressed liquidity report (time-to-wall), these haircuts include a market-risk specific haircut and a central bank haircut. While the market risk haircut represents the potential price volatility of the securities held as assets as part of the liquidity buffer, the central bank haircut represents an additional haircut for each individual relevant security that may be offered as collateral.

Intraday liquidity management

In compliance with regulatory requirements for intraday liquidity management, the available liquidity is calculated daily analogous to the outflow assumptions of the regular liquidity stress reports (time-to-wall) for RBI AG. In case of limit breaches, an intraday contingency and escalation process is triggered commensurate with the severity of the breach. For the whole of RBI, the local intraday liquidity management process is within the responsibility of the local Treasury Unit which ensures that the following minimum standards are implemented locally: clear responsibilities and workflows for managing intraday liquidity; daily monitoring of available intraday liquidity; intraday liquidity forecasting model and limit; escalation and contingency processes and measures in case of limit breaches.

Contingency funding plan

Under difficult liquidity conditions, the units switch to a contingency process in which they follow predefined liquidity contingency plans. These contingency plans also constitute an element of the liquidity management framework and are mandatory for all significant Group units. The emergency management process is designed so that the Group can retain a strong liquidity position even in serious crisis situations.

Liquidity position

Group funding is founded on a strong customer deposit base supplemented by wholesale funding – mainly via RBI AG and the Group units. Funding instruments are appropriately diversified and are used regularly. The ability to procure funds is precisely monitored and evaluated by the Treasury ALM units and the ALCOs.

In the past year and to date, the Group's excess liquidity was above all regulatory and internal limits (with a handful of exceptions in the area of internal sub-limits). The result of the internal time-to-wall stress test demonstrates that the Group would survive throughout the modelled stress phase of several months even without applying contingency measures.

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

in € million	2021		2020	
Maturity	1 month	1 year	1 month	1 year
Liquidity gap	37,048	44,996	32,947	35,528
Liquidity ratio	172%	142%	167%	137%

Liquidity coverage ratio (LCR)

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

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

in € million	2021	2020
Average liquid assets	39,282	36,392
Net outflows	25,664	22,159
Inflows	15,525	13,756
Outflows	41,189	35,915
Liquidity Coverage Ratio in per cent	**153%**	**164%**

The increase in short-term secured capital market transactions at RBI AG led to a rise in inflows, which was accompanied by an increase in short-term secured and unsecured deposits. The growth of retail and non-retail deposits in the Group also contributed to higher outflows.

Net Stable Funding Ratio (NSFR)

The NSFR is defined as the ratio of available stable funding to required stable funding. The new regulatory requirements came into force on 28 June 2021 and the regulatory limit of 100 per cent must be complied with. Available stable funding is defined as the portion of equity and debt which is expected to be a reliable source of funds over the time horizon of one year covered by the NSFR. A bank's required stable funding depends on the liquidity characteristics and residual maturities of the various assets and off-balance-sheet positions. The RBI Group targets a balanced funding position.

in € million	2021	2020
Required stable funding	119,079	111,623
Available stable funding	159,006	136,811
Net Stable Funding Ratio in per cent	**134%**	**123%**

During the COVID-19 crisis, a stable liquidity situation was observed within RBI. Generally speaking, the crisis confirmed RBI's strong liquidity position and its ability to respond quickly in the event of a lack of market-sensitive refinancing sources. Generally, the ILAAP framework and governance proved sound and well-functioning.

Funding liquidity risk

Funding liquidity risk is mainly driven by changes in the risk strategy of lenders or by a deterioration in the creditworthiness of a bank that needs external funding. Funding rates and supply rise and fall with credit spreads, which change due to the market or bank-specific situation.

As a consequence, long-term funding depends on restoring confidence in banks and increased efforts in collecting customer deposits. RBI AG's banking activities are financed by combining wholesale funding and the retail franchise of deposit-taking subsidiary banks. It is the central liquidity balancing agent for the local Group units in Central and Eastern Europe.

In the Group's funding plans, special attention is paid to a diversified structure of funding to mitigate funding liquidity risk. In the Group, funds are not only raised by RBI AG as the Group's parent institution, but also individually by different banking subsidiaries. Those efforts are coordinated and optimized through a joint funding plan. Moreover, RBI AG arranges medium-term and long-term funding for its subsidiaries through syndicated loans, bilateral funding agreements with banks, and financing facilities provided by supranational institutions. These funding sources are based on long-term business relationships.

For managing and limiting liquidity risks, the targets for the loan/deposit ratio (the ratio of customer loans to customer deposits) in the individual subsidiary banks take into account the planned future business volumes as well as the feasibility of increasing customer deposits in different countries. On the one hand, this initiative reduces external funding requirements. On the other hand, it also reduces the need for internal funding operations and the risk associated with such liquidity transfers.

The following table shows a breakdown of cash flows according to the contractual maturity of financial assets:

2021 in € million	Carrying amount	Contractual cash flows	Up to 3 months	More than 3 months, up to 1 year	More than 1 year, up to 5 years	More than 5 years
Non-derivative financial assets	**178,551**	**192,787**	**77,008**	**18,941**	**55,304**	**41,534**
Cash, cash balances at central banks and other demand deposits	38,557	38,922	38,922	0	0	0
Loans and advances	117,462	130,558	34,722	16,823	45,287	33,726
Central banks	12,005	12,011	11,995	1	15	0
General governments	1,385	1,444	157	257	531	499
Banks	4,625	4,609	2,909	603	807	290
Other financial corporations	11,212	11,733	4,652	1,089	4,704	1,288
Non-financial corporations	50,156	53,887	12,759	11,055	24,903	5,170
Households	38,078	46,875	2,250	3,818	14,327	26,479
Debt securities	22,531	23,306	3,363	2,118	10,017	7,808
Central banks	99	95	95	0	0	0
General governments	16,996	17,524	2,432	1,368	7,444	6,280
Banks	3,334	3,373	550	438	1,705	679
Other financial corporations	1,008	1,045	185	130	466	265
Non-financial corporations	1,094	1,269	101	183	403	583
Derivative financial assets	**2,484**	**2,043**	**114**	**371**	**805**	**754**
Derivatives - Trading book	2,132	1,983	264	297	742	680
Derivatives – Hedge accounting	352	60	(150)	74	63	74

2020 in € million	Carrying amount	Contractual cash flows	Up to 3 months	More than 3 months, up to 1 year	More than 1 year, up to 5 years	More than 5 years
Non-derivative financial assets	**158,217**	**169,871**	**63,669**	**17,903**	**49,884**	**38,416**
Cash, cash balances at central banks and other demand deposits	33,660	33,747	33,747	0	0	0
Loans and advances	102,623	112,527	25,575	15,717	39,631	31,604
Central banks	6,762	6,763	6,748	0	15	0
General governments	2,114	2,148	900	106	545	596
Banks	5,190	5,176	3,037	700	1,094	346
Other financial corporations	9,239	9,616	3,204	1,037	3,573	1,802
Non-financial corporations	44,951	47,499	9,691	10,119	22,822	4,867
Households	34,367	41,325	1,995	3,754	11,583	23,993
Debt securities	21,934	23,597	4,346	2,186	10,252	6,812
Central banks	1,213	1,219	1,219	0	0	0
General governments	15,900	16,200	2,442	1,431	6,511	5,817
Banks	2,987	4,111	230	270	3,029	583
Other financial corporations	1,119	1,191	214	411	463	102
Non-financial corporations	714	875	241	75	249	310
Derivative financial assets	**2,665**	**3,109**	**539**	**630**	**722**	**1,218**
Derivatives - Trading book	2,102	2,718	476	598	611	1,033
Derivatives – Hedge accounting	563	390	63	32	111	185

The following table shows a breakdown of cash flows according to the contractual maturity of financial liabilities:

2021 in € million	Carrying amount	Contractual cash flows	Up to 3 months	More than 3 months, up to 1 year	More than 1 year, up to 5 years	More than 5 years
Non-derivative financial liabilities	**167,002**	**168,857**	**119,922**	**10,659**	**27,714**	**10,563**
Deposits	149,761	150,213	118,290	9,085	18,477	4,361
Central banks	9,534	9,560	589	552	8,353	66
General governments	2,821	2,859	1,602	700	387	171
Banks	25,073	25,289	18,280	1,517	3,980	1,512
Other financial corporations	11,119	11,208	8,014	664	706	1,825
Non-financial corporations	44,523	44,584	41,756	2,256	368	204
Households	56,690	56,713	48,049	3,397	4,684	583
Short positions	250	252	240	0	6	5
Debt securities issued	16,138	17,562	579	1,559	9,227	6,197
Other financial liabilities	854	831	812	15	4	0
Derivative financial liabilities	**2,186**	**2,398**	**0**	**477**	**1,162**	**759**
Derivatives - Trading book	1,894	2,862	509	479	1,120	754
Derivatives – Hedge accounting	292	(464)	(509)	(2)	42	5
Issued financial guarantee contracts	**8,900**	**8,849**	**5,408**	**1,687**	**1,535**	**219**
Issued loan commitments	**42,601**	**41,520**	**16,405**	**8,984**	**13,560**	**2,572**

2020 in € million	Carrying amount	Contractual cash flows	Up to 3 months	More than 3 months, up to 1 year	More than 1 year, up to 5 years	More than 5 years
Non-derivative financial liabilities	**147,166**	**149,064**	**99,499**	**14,731**	**25,314**	**9,521**
Deposits	131,233	131,637	97,917	12,788	16,764	4,168
Central banks	7,115	7,060	884	94	5,986	96
General governments	2,511	2,579	1,129	856	393	200
Banks	22,006	22,303	10,712	5,531	4,494	1,567
Other financial corporations	9,892	9,999	7,391	470	902	1,236
Non-financial corporations	39,663	39,641	37,015	2,127	336	163
Households	50,047	50,054	40,785	3,708	4,654	907
Short positions	501	511	454	1	5	51
Debt securities issued	14,997	16,501	728	1,926	8,545	5,301
Other financial liabilities	434	416	401	16	0	0
Derivative financial liabilities	**2,478**	**3,099**	**481**	**754**	**1,021**	**843**
Derivatives - Trading book	2,057	3,061	479	740	1,002	840
Derivatives – Hedge accounting	421	38	2	14	19	3
Issued financial guarantee contracts	**7,228**	**7,231**	**3,776**	**1,232**	**1,288**	**934**
Issued loan commitments	**34,803**	**34,793**	**10,595**	**6,443**	**9,315**	**8,441**

(55) Operational risk

Operational risk is defined as the risk of losses resulting from inadequate or failed internal processes, people and systems or from external events, including legal risk. In this risk category internal risk drivers such as unauthorized activities, fraud or theft, conduct-related losses, modelling errors, execution and process errors, or business disruption and system failures are managed. External factors such as damage to physical assets or fraud are managed and controlled as well.

This risk category is analyzed and managed based on own historical loss data and the results of risk assessments. As with other risk types the principle of firewalling of risk management and risk controlling is also applied to operational risk in the Group. To this end, individuals are designated and trained as Operational Risk Managers for each business area. Operational Risk Managers provide central Operational Risk Controlling with reports on risk assessments, loss events, indicators and measures. They are supported in their work by Dedicated Operational Risk Specialists (DORS).

Operational risk controlling units are responsible for reporting, implementing the framework, developing control measures and monitoring compliance with requirements. Within the framework of the annual risk management cycle, they also coordinate the participation of the relevant second line of defense departments (Financial Crime Management, Compliance, Vendor Management, Outsourcing Management, Insurance Management, Information Security, Physical Security, BCM, Internal Control System, IT Risk Management) and all first line of defense partners (Operational Risk Managers).

In 2021, statutory changes meant that no costs for COVID-19 (such as sanitary facilities for disinfection, additional cleaning costs, expansion of the infrastructure) were considered within the context of loss data in the same way as in 2020.

Risk identification

Identifying and evaluating risks that might endanger the Group's existence (but the occurrence of which is highly improbable) and areas where losses are more likely to arise more frequently (but have only limited impact) are important aspects of operational risk management.

Operational risk assessment is executed in a structured and Group-wide uniform manner according to risk categories such as business processes and event types. Moreover, risk assessment applies to new products as well. All Group units grade the impact of high probability/low impact events and low probability/high impact incidents according to their estimation of the loss potential for the next year and in the next ten years. Low probability/high impact events are quantified by a Group-wide analytical tool (scenarios). The internal risk profile, losses arising and external changes determine which cases are dealt with in detail.

Monitoring

In order to monitor operational risks, early warning indicators are used that allow prompt identification and minimization of losses. Loss data is collected in a central database called ORCA (Operational Risk Controlling Application) in a structured manner and on a Group-wide basis according to the event type and the business line. In addition to the requirements for internal and external reporting, information on loss events is exchanged with international data pools to further develop operational risk management tools as well as to track measures and control effectiveness. The Group is a participant in the ORX data pool (Operational Risk Data Exchange Association), whose data are currently used for internal benchmark purposes and analyses and as part of the operational risk model. The ORX data consortium is an association of banks and insurance groups for statistical purposes. The results of the analyses as well as events resulting from operational risks are reported in a comprehensive manner to the relevant Operational Risk Management Committee on a regular basis.

Quantification and mitigation

The equity requirement for a significant part of the Group is calculated using the Advanced Measurement Approach (AMA). This includes units in Bulgaria, Romania, Russia, Slovakia and principal banks in Austria (Raiffeisen Bank International AG, Vienna, Kathrein Privatbank Aktiengesellschaft, Vienna, Raiffeisen Centrobank AG, Vienna, Raiffeisen Bausparkasse Gesellschaft m.b.H., Vienna, Raiffeisen Kapitalanlage-Gesellschaft m.b.H., Vienna). The Standardized Approach (STA) is still used to calculate the operational risk of the remaining units in the CRR scope of consolidation.

To reduce operational risk, business managers decide on preventive risk-reduction actions such as risk mitigation or risk transfer. The progress and effectiveness of these actions is monitored by Risk Control. The former also define contingency plans and nominate responsible persons or departments for initiating the defined actions if losses in fact occur. In addition, several dedicated organizational units provide support to business units for preventing operational risks. An important role in connection with operational risk activities is taken on by Financial Crime Management. Financial Crime Management provides support for the prevention and identification of fraud. The Group also conducts an extensive staff training program and has different contingency plans and back-up systems in place. Loss data per category of operational risk are collected for all units in the CRR Group. These are distributed across the Basel risk categories as follows:

in € million	2021	Share	2020	Share
Clients, products and business practices	362	98.1%	68	68.0%
External fraud	3	0.8%	4	4.3%
Excecution, delivery and process management	2	0.5%	4	3.9%
Internal fraud	1	0.4%	0	0.4%
Technology and infrastructure failures	1	0.2%	11	10.7%
Disasters and public safety	0	0.1%	11	11.5%
Employment practices and workplace safety	0	0.0%	1	1.2%
Total	**369**	**100.0%**	**99**	**100.0%**

Number of OpRisk events	2021	Share	2020	Share
Clients, products and business practices	10,211	44.9%	15,811	37.0%
External fraud	10,906	48.0%	13,599	31.9%
Excecution, delivery and process management	914	4.0%	1,178	2.8%
Internal fraud	54	0.2%	67	0.2%
Technology and infrastructure failures	462	2.0%	8,303	19.5%
Disasters and public safety	123	0.5%	3,568	8.4%
Employment practices and workplace safety	57	0.3%	162	0.4%
Total	**22,727**	**100.0%**	**42,688**	**100.0%**

Other disclosures

(56) Pending legal issues

The RBI Group is involved in various legal, administrative or arbitration proceedings before various courts and authorities mainly arising in the ordinary course of business and involving contractual, labor and other matters.

A provision is only recognized if there is a legal or constructive obligation as a result of a past event, payment is likely and the amount can be reliably estimated. A contingent liability that arises from a past event is disclosed unless payment is highly unlikely. A contingent asset that arises from a past event is reported if there is high probability of occurrence. In no instance in the description that follows is an amount stated in which, in accordance with IAS 37, this would be severely detrimental. In some cases, provisions are measured on a portfolio basis because this results in the obligation being estimated with greater reliability. RBI has grouped its provisions, contingent assets and contingent liabilities under the headings of consumer protection, banking business, regulatory enforcement and tax litigation.

Consumer protection

RBI faces customer lawsuits in connection with consumer protection matters. Most claims relate to terms of contract that are alleged to breach consumer protection or other laws. The legal risk associated with such claims is heightened by the danger of politically motivated legislation that increases the degree of unpredictability.

Croatia

In Croatia, following litigation initiated by a Croatian consumer association against Raiffeisenbank Austria, d.d., Croatia (RBHR) and other Croatian banks, two contractual clauses used in consumer loan agreements between 2003/2004 and 2008 were declared null and void: an interest change clause and a CHF index clause. The decision on the interest adjustment clause cannot be challenged any more. The decision on the nullity of the CHF index clause which was confirmed by the Croatian Supreme Court also passed control of the Croatian Constitutional Court. RBHR is exploring the possibility to challenge this decision and, in August 2021, submitted an application before the European Court for Human Rights. A preliminary ruling by this court may have an impact on the CHF index clauses. However, based on the decisions already rendered on the nullity of the interest change clause and/or the CHF index clause, a number of borrowers have already raised claims against RBHR. Given current legal uncertainties relating to the statute of limitations, the validity of the CHF index clause, the further course of action, the final outcome of the request for preliminary ruling and the number of borrowers raising such claims, final quantification of the financial impact and the possible damage is not possible at this point of time. In this connection, the provision recognized on a portfolio basis was increased to € 56 million (previous year: € 34 million).

Poland

In Poland, a significant number of civil lawsuits are pending in relation to certain contractual stipulations connected with consumer mortgage loans denominated in or indexed to foreign currencies. As at the end of December 2021, the total amount in dispute was approximately PLN 1,994 million (€ 434 million). The number of lawsuits continues to increase. In this context, a Polish court requested the European Court of Justice (ECJ) to clarify whether certain clauses in these agreements breach European law and are unfair. The ECJ's preliminary ruling (C-260/18) in October 2019 does not answer whether the loan agreements are invalid in whole or part but merely gives interpretative guidance on the principles according to which the national courts must decide in each individual case. According to this, a loan agreement without unfair terms should remain valid provided that it is in conformity with national law. If a loan agreement cannot remain valid without the unfair term, the entire contract would have to be annulled. If the annulment of the entire contract triggers material negative consequences for the borrower, the Polish courts can replace the unfair term by a valid term in accordance with national law. The consequences of the contract being annulled must be carefully examined so that the borrower can consider all potential negative consequences of annulment. However, the consequences of canceling an annulled loan agreement remain unclear and may be serious for the borrower, for example due to the obligation to repay the loan immediately including the costs of using the loan amount. It remains to be seen how the principles developed by the ECJ will be applied under national law on a case-by-case basis.

In another proceeding involving RBI, the District Court for Warszawa-Wola in Warsaw requested the ECJ to issue a preliminary ruling concerning the way in which the contractual provisions concerning the rules for determining the buying and selling rates for foreign currency are to be formulated in the case of consumer mortgage loans indexed to a foreign currency.

In the judgement of 18 November 2021 in case C-212/20, the ECJ considered that the content of a clause of a loan agreement that sets the buying and selling prices of a foreign currency to which the loan is indexed must enable a reasonably well informed and reasonably observant consumer, based on clear and intelligible criteria, to understand the way in which the foreign currency exchange rate used to calculate the amount of the repayment instalments is set. Based on information specified in such a provision, the consumer must be able to determine on his or her own, at any time, the exchange rate applied by the entrepreneur. In the justification the ECJ specified that a provision that does not enable the consumer to determine the exchange rate himself or herself is unfair. Moreover, the ECJ indicated in said judgement that the national court, when the considered term of a consumer contract is unfair, is not allowed to interpret that term in order to remedy its unfairness, even if that interpretation would correspond to the common intention of the parties to that contract. Only if the invalidity of the unfair term were to require the national court to annul the contract in its entirety, thereby exposing the consumer to particularly unfavorable consequences, so that the consumer would thus be penalized, the national court might replace that term with a supplementary provision of national law. The ECJ therefore did not entirely preclude national courts hearing such cases from supplementing the contract with supplementary provisions of national law, but gaps may not be filled solely with national provisions of a general nature and such remedy may be applied only in strictly limited cases as specified by the ECJ. The assessment of an unfair nature of contractual provisions as well as the decision concerning supplementation of the contract after removal of unfair contractual clauses, however, still falls within the competence of the national court hearing the case. The ECJ did not determine at all whether, in the consequence of the above-mentioned actions, the entire foreign currency contract is to be annulled.

The current judicial practice of Polish courts is already consistent with the ECJ's preliminary ruling and, thus, unfavorable for banks holding consumer mortgage loans indexed to a foreign currency. The respective clauses, depending on the assessment made by the national court hearing the case, may not meet the requirements as specified in the above ECJ judgement.

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

Furthermore, Polish courts have approached the ECJ with requests for a preliminary ruling in other civil proceedings. That ruling could lead to further clarifications and may influence how court cases concerning foreign currency loans are decided by national Polish courts.

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

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

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

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

RBI has recognized a provision for the lawsuits filed in Poland. As lawsuits have been filed by a number of customers, the provision is based on a statistical approach that takes into account both statistical data, where relevant, and expert opinions. Possible decision scenarios have been estimated together with the expected loss rates per scenario. The expected impact is based on loans from customers who have filed or are expected to file a lawsuit against the bank. To calculate the financial impact per scenario, the claim amount is multiplied by the estimated financial outflow in the scenario and the probability that the bank will ultimately have to pay compensation to the customer. An appropriate discount rate is applied to outflows that are not expected to arise within one year. The financial impacts of the individual scenarios are weighted on the basis of expert opinions. The resulting provision has been increased to € 364 million (previous year: € 89 million). The main uncertainties associated with the calculation of the provision relate to a potentially higher number of claims and an increase in the probability of losing the court cases.

When calculating the CHF provision for lawsuits filed in Poland, it is necessary to form a view on matters that are inherently uncertain, such as regulatory pronouncements, the number of future complaints, the extent to which they will be upheld and the impact of legal decisions that may be relevant to claims received. The total amount provided for CHF loans in Poland represents RBI Group's best estimate of the likely future cost. However, a number of risks and uncertainties remain and the cost could therefore differ from the Group's estimates and the assumptions underpinning them and result in a further provision being required. As a result, a negative legal decision for the bank can lead to a significant increase in the provision.

RBI has around 31,000 Swiss franc loans outstanding. These include loans that are not expected to be the subject of litigation. The total amount of the provision for CHF loans in Poland represents RBI's best estimate of the future outflow of economic benefits. In calculating the CHF provision for lawsuits filed in Poland, it is nevertheless necessary to form an opinion on matters that are inherently uncertain, such as official pronouncements, the number of future lawsuits, the probability of losing court cases and the impacts of court decisions that lead to negative scenarios.

The sensitivity of the specific parameters to a 10 percentage point change while holding all other parameters constant is shown in the table below:

	2021		2020	
in € million	Increase by 10 percentage points	Decrease by 10 percentage points	Increase by 10 percentage points	Decrease by 10 percentage points
Change in number of future litigation cases	36	(36)	8	(8)
Change in probability of losing court case	47	(47)	15	(15)
Change in most negative scenario	22	(22)	9	(9)

Romania

In October 2017, the consumer protection authority (ANPC) issued an order for RBI's Romanian network bank Raiffeisen Bank S.A., Bucharest, to stop its alleged practice of not informing its customers about future changes in the interest rate charged to the customers. The order did not imply any monetary restitution or payment from Raiffeisen Bank S.A., Bucharest. However, the possibility of any monetary restitution claims instigated by customers cannot be excluded. RBI's Romanian network bank Raiffeisen Bank S.A., Bucharest, disputed this order and obtained a stay of its enforcement pending a final decision. These proceedings are currently in the appeal phase, the first ruling on merits having been in favor of ANPC. Given current uncertainties, an exact quantification of the negative financial impact is not possible; however, the estimation of Raiffeisen Bank S.A., Bucharest, based on the current known elements is that such impact may in the worst case scenario be € 56 million. In this connection, a provision of € 27 million (previous year: € 14 million) has been recognized.

Furthermore, Raiffeisen Bank S.A., Bucharest, is involved in a number of lawsuits, some of them class actions, as well as administrative proceedings pursued by ANPC, in particular in connection with consumer loans and current account contracts. The proceedings are mainly based on the allegation that certain contractual provisions and practices applied by Raiffeisen Bank S.A. violate consumer protection laws and regulations. Such proceedings may result in administrative fines, the invalidation of clauses in agreements and the reimbursement of certain fees or parts of interest payments charged to customers in the past.

Banking business

RBI and its subsidiaries provide services for corporate customers that increase litigation risk at the operating level. The most important cases are as follows:

Following the insolvency of Alpine Holding GmbH (Alpine) in 2013, a number of lawsuits were filed by retail investors in Austria against RBI and another credit institution in connection with a bond which had been issued by Alpine in 2012 in an aggregate principal amount of € 100 million. The claims against RBI, filed either directly by investors or by investors represented by a class action association, amount to approximately € 10 million of value in dispute. Among other things, it is claimed that the banks acted as joint lead managers of the bond issue and were or at least should have been aware of the financial problems of Alpine at the time of the issue. Thus, they should have known that Alpine was not in a position to redeem the bonds as set forth in the terms and conditions of the bonds. It is alleged that the capital market prospectus in relation to the bond issue was misleading and incomplete and that the joint lead managers including RBI, which were also involved in the preparation of the prospectus, were aware of that fact.

In the first quarter of 2021 RBI learned about a claim already filed against it in Jakarta by an Indonesian company in November 2020. The amount of the alleged claim is approximately USD 129 million (€ 114 million) in material damages and USD 200 million (€ 177 million) in immaterial damages. An Indonesian law firm has been engaged and a court hearing is scheduled before the South Jakarta District Court.

In August 2019, RBI launched a claim for approximately € 44 million against a Cayman Islands incorporated company, several of its subsidiaries and one former subsidiary (the Cayman Islands Defendants) in the Grand Court of the Cayman Islands, Financial Services Division (the CI Proceedings). In the CI Proceedings, RBI alleges that the Cayman Islands Defendants participated in transactions to defraud creditors and a fraudulent conspiracy to injure RBI, by dissipating assets so as to frustrate RBI's claims under a number of parent company guarantees. Furthermore, RBI alleges that said transfers were carried out at undervalue or without consideration between or among the Cayman Islands Defendants. RBI obtained an order against one of the Cayman Island Defendants in September 2019, placing restrictions on its ability to deal with its assets, pending determination of the CI Proceedings. RBI obtained a similar order against a further Cayman Island Defendant in May 2020 (together the Freezing Orders). In November 2019, some of the Cayman Islands Defendants filed a counterclaim in the amount of € 203 million against RBI in the course of the CI Proceedings. RBI considers that the counterclaim, which is based on documents that the Caymans Islands Defendants have refused to disclose to date, is entirely without merit. In July 2021, RBI applied for permission to amend its claim in the CI Proceedings, to add an additional defendant and claim further damages and associated relief, bringing the total sums claimed by RBI in the CI Proceedings to approximately € 87 million plus interest and costs. That application has yet to be determined. In December 2021, the Cayman Islands Court of Appeal gave judgment on an appeal brought by two of the Cayman Island Defendants, against the Freezing Orders. The Court of Appeal has refused to dismiss the Freezing Orders, which will remain in place. The CI Proceedings are ongoing. In January 2021, RBI issued an arbitration claim for an amount of approx. € 87 million plus interest and costs against one of the Cayman Islands Defendants, now incorporated in the Marshall Islands, before the Vienna International Arbitral Centre (VIAC) (the VIAC Arbitration). The respondent to the VIAC Arbitration is liable to RBI under guarantees provided by said company to RBI.

In 2013, a Cypriot company (the Cypriot Claimant) filed an action for damages in the amount of approximately € 43 million against RBI's subsidiary in Slovakia, Tatra banka, a.s. (Tatra banka). In January 2016, the Cypriot Claimant filed a petition to increase the claimed amount by € 84 million and the court approved this petition. It means that the total claimed amount in this lawsuit is approximately € 127 million. The lawsuit is based on similar grounds to a claim by a client of Tatra banka (the Slovak Client) that in the meantime had been rejected in full by the Slovak courts. The Cypriot Claimant filed the action as it had acquired the claim from a shareholder of the holding company of the Slovak Client. The Cypriot Claimant claims that Tatra banka breached its contractual obligations towards the Slovak Client by refusing to execute payment orders from the Slovak Client's accounts without cause and by not extending the maturity of facilities despite a previous promise to do so, which led to non-payment of the Slovak Client's obligations towards its business partners and the termination of the Slovak Client's business activities. According to the Cypriot Claimant, this had caused cessation of the business activities and, subsequently, bankruptcy of the Slovak Client and, thus, also damage to the shareholder of the holding company in the form of a loss of value of its shares.

Subsequently, said shareholder assigned its claim to the Cypriot Claimant. The Cypriot Claimant claims that Tatra banka acted contra bonos mores as well as contrary to fair business conduct and requires Tatra banka to pay part of its claims corresponding to the loss in value of the holding company's shares. In November 2019, the claim was rejected in full by the first-instance court. The Cypriot Claimant filed an appeal against this first-instance judgement in January 2020. The proceeding is still pending.

In April 2018, a lawsuit was brought against Raiffeisen Bank Polska S.A. (RBPL), the former Polish subsidiary of RBI, by a former client claiming an amount of approximately PLN 203 million (€ 44 million). According to the plaintiff's complaint, RBPL blocked the client's current overdraft credit account for six calendar days in 2014 without formal justification. The plaintiff claimed that the blocking of the account resulted in losses and lost profits due to a periodic disruption of the client's financial liquidity, the inability to replace loan-based funding sources with financing streams originating from other sources on the blocked account, a reduction in inventory and merchant credits being made available and generally a resulting deterioration of the client's financial results and business reputation. RBPL contended that the blocking was legally justified and implemented upon available information. In the course of the sale of the core banking operations of RBPL to BGZ BNP Paribas S.A., the lawsuit against RBPL was transferred to BGZ BNP Paribas S.A. However, RBI must still bear any negative financial consequences in connection with the said proceeding.

In February 2020, Raiffeisen-Leasing GmbH (RL) was served with a lawsuit in Austria for an amount of approximately € 43 million. The plaintiff claims damages alleging that RL breached its obligations under a real estate development agreement. In the first oral hearing, the court stated that, in the court's opinion, the plaintiff's claim is time-barred and without merits. For this reason, the court closed the proceedings. The judgement will be rendered in writing. According to the assessment of RL and its lawyers, the claim is very unlikely to succeed, in particular given the fact that a similar claim of the plaintiff was rejected by the Austrian Supreme Court (Oberster Gerichtshof) in a previous legal dispute. In that case, two applications for legal aid filed by the plaintiff were already rejected by the Commercial Court of Vienna because of malicious abuse of the law. Based on the result of the first oral hearing, it is expected that the court will dismiss the claim; in this event, the plaintiff has the right to appeal the decision.

In September 2020, Raiffeisen-Leasing Immobilienmanagement GmbH (RIM), a wholly owned subsidiary of Raiffeisen-Leasing Gesellschaft m.b.H., was served with a lawsuit filed in a court in Brescia, Italy, by an Italian company. The plaintiff is seeking approximately € 30 million in damages for an alleged breach of a shareholder agreement in connection with the joint development of a factory outlet center in Italy. The shareholder agreement between RIM and the plaintiff was concluded in 2011 upon the establishment of a joint project company. In 2012, however, it transpired that various conditions for the implementation of the project could not be met. As a result, RIM decided not to proceed with the project and sold its share in the project company to the plaintiff. The plaintiff now alleges that RIM violated the original shareholder agreement by discontinuing the project. In June 2021, the court rendered a decision in which it rejected its jurisdiction in the case and ruled that Milan Regional Court is the competent court, granting the parties three months to resume the proceedings at Milan Regional Court. RIM appealed this decision as the court did not decide on the applicability of the arbitration clause. In August 2021, the plaintiff filed for resumption of the proceedings against RIM at Milan Regional Court, in spite of the pending appeal. The resumption relates to the same claim as the pending legal action. The claim asserted against RIM and the potential risk therefore remain unchanged. It is expected that the proceedings at Milan Regional Court will be adjourned until the decision in the appeal proceedings.

Regulatory enforcement

RBI and its subsidiaries are subject to numerous national and international regulatory authorities.

Following an audit review by the Romanian Court of Auditors regarding the activity of Aedificium Banca pentru Locuinte S.A. (formerly Raiffeisen Banca pentru Locuinte S.A.) (RBL), a building society and subsidiary of Raiffeisen Bank S.A., Bucharest, the Romanian Court of Auditors claimed that several deficiencies were identified and that conditions for payment by RBL of state premiums on savings had not been met. Thus, allegedly, such premiums may have to be repaid. Should RBL not succeed in reclaiming said amounts from its customers or providing satisfactory documentation, RBL would be held liable for the payment of such funds. RBL initiated court proceedings to contest the findings of the Romanian Court of Auditors and won on the merits with regard to the most significant alleged deficiencies. The case was appealed at the High Court of Cassation and Justice. In November 2020, the High Court of Cassation and Justice overturned the previous court decision and confirmed the view of the Romanian Court of Auditors. Upon the application of RBL, the High Court of Cassation and Justice requested the Constitutional Court to decide whether the Court of Auditors was, in principle, entitled to scrutinize RBL. The proceeding is still pending and could – depending on its outcome – enable RBL to file an extraordinary recourse against the decision of the High Court of Cassation and Justice. Given current uncertainties, an exact quantification of the negative financial impact is not possible; however, repayment of premiums and potential penalty payments are not expected to exceed € 53 million. In this connection, a provision of € 23 million (previous year: € 19 million) has been recognized.

In March 2018, an administrative fine of € 2.7 million (which was calculated by reference to the annual consolidated revenue of RBI and constitutes 0.06 per cent of the last available annual consolidated revenue) was imposed on RBI in the course of administrative proceedings based on alleged non-compliance with formal documentation requirements relating to the know-your-customer principle. According to the interpretation of the Austrian Financial Market Authority (FMA), RBI had failed to comply with these administrative obligations in a few individual cases. FMA did not allege that any money laundering or other crime had occurred, or that there was any suspicion of, or any relation to, any criminal act. RBI took the view that it had duly complied with all due diligence obligations regarding know-your-customer requirements and appealed against the fining order in its entirety. The Federal Administrative Court (Bundesverwaltungsgericht) confirmed FMA's decision at first instance, against which RBI appealed to the Austrian Supreme Administrative Court (Verwaltungsgerichtshof). In December 2019, the Austrian Supreme Administrative Court revoked the decision of the lower administrative instances and referred the case back to the Federal Administrative Court. In the retrial on 6 May 2021, the Federal Administrative Court again confirmed FMA's decision but reduced the administrative fine to € 824 thousand and allowed another appeal before the Austrian Supreme Administrative Court. Such appeal was filed by RBI and the case is now again pending at the Austrian Supreme Administrative Court.

In August 2021, an administrative fine of € 167 thousand was imposed on RBI in the course of administrative proceedings in connection with its function as depositary bank for UCITS funds. FMA charged that between March 2016 and January 2019 only one single collateral account in the name of the investment management company was established instead of segregated ones for each fund. Thus, according to the interpretation of the FMA, RBI had failed to ensure that assets could clearly be allocated to the respective fund at any time. In September 2021, RBI submitted an appeal against the FMA's fining decision which was forwarded to the Federal Administrative Court (Bundesverwaltungsgericht).

In September 2018, two administrative fines totaling PLN 55 million (€ 12 million) were imposed on RBPL in the course of administrative proceedings based on alleged non-performance of duties as the depositary and liquidator of certain investment funds. RBPL as custodian of investment funds assumed the role of liquidator of certain funds in spring 2018. According to the interpretation of the Polish Financial Supervision Authority – which is known by its Polish abbreviation, KNF – RBPL failed to comply with certain obligations in its function as depository bank and liquidator of the funds. In the course of the transactions related to the sale of the core banking operations of RBPL to BGZ BNP Paribas S.A., the responsibility for said administrative proceedings and related fines was assumed by RBI. RBI filed appeals against these fines in their entirety. In September 2019, in relation to the PLN 5 million (€ 1 million) fine regarding RBPL's duties as depositary bank, the Voivodship Administrative Court approved RBI's appeal and overturned the KNF's decision in its entirety. However, the KNF appealed the decision. In relation to the PLN 50 million (€ 11 million) fine regarding RBPL's function as liquidator, the Voivodship Administrative Court decided to dismiss the appeal and uphold the KNF decision in its entirety. RBI has appealed to the Supreme Administrative Court because it takes the view that RBPL has duly complied with all its duties.

In January 2021, a class action, aggregating claims of holders of certificates in four of the above-mentioned investment funds currently in liquidation, was filed against RBI. The total disputed value in this case amounts to approximately PLN 51 million (€ 11 million). The plaintiffs demand the confirmation of RBI's responsibility for the alleged improper performance of RBPL/RBI as a custodian bank. Such confirmation would secure and facilitate their financial claims in further lawsuits.

Additionally, RBI received a number of claim notices from BNP in connection with certain bank operations in respect of which BNP is the legal successor to RBPL. Said claim notices primarily relate to administrative proceedings conducted by the KNF in connection with alleged failures of RBPL/BNP in acting as a depositary of investment funds and could lead to cash penalties. Furthermore, claims in this context have been raised by investors to BNP, and as a mitigating measure RBI supports BNP in this regard.

In March 2021, a financial penalty of approximately PLN 15 million (€ 3 million) was imposed on RBI by the Court of Appeal in Warsaw in a proceeding that had originated in a decision of the President of the Office of Competition and Consumer Protection (UOKiK) regarding the violation of collective interests of consumers in connection with the sale of saving insurance policies by Polbank EFG (the legal successor of which was RBPL) to its clients. The Court of Appeal did not recognize the allocation of said proceeding to BNP in the demerger plan in connection with the sale of the core banking operations of RBPL and, thus, named RBI (as the legal successor of RBPL) in the judgement. The judgement is still subject to cassation appeal to the Supreme Court.

In November 2020, the Austrian Chamber for Workers and Employees (Bundeskammer für Arbeiter und Angestellte) (BAK) filed an application for injunctive relief against Raiffeisen Bausparkasse Österreich Gesellschaft m.b.H. (RBSPK), a wholly owned subsidiary of RBI, with the commercial court in Vienna. RBSPK had terminated long-lasting savings contracts (Bausparverträge) in an aggregate amount of approximately € 93 million. The minimum rate of interest on said overnight savings deposits was between 1 per cent p.a. and 4.5 per cent p.a. BAK claims that RBSPK did not have the right to terminate such contracts whereas RBSPK is of the opinion that said contracts constitute a continuing obligation, which can – under Austrian law – be terminated by giving proper notice. In August 2021, RBSPK received the court decision that the termination of the savings contracts is considered unlawful. RBSK has appealed against this decision of the court of first instance.

Tax litigation

RBI is, or is expected to be, involved in various tax audits, tax reviews and tax proceedings. RBI is involved in the following significant tax proceedings, among others:

In Germany, a tax review and tax proceedings have led or may lead to an extraordinary tax burden of approximately € 23 million in connection with property transfer tax, for which a provision has been recognized. Additionally, late payment interest and penalty payments may be imposed.

In Romania, tax assessments by the Romanian tax authorities have resulted in an extraordinary tax burden in an aggregate amount of additional taxes of approximately € 30 million plus penalty payments of about € 20 million.

In tax audits for the years 2001 to 2005 and 2006 to 2011, the interest in connection with hedging transactions for group equity (capital hedges) and IPO costs of RBI were classified as non-deductible. RBI lodged a complaint with the Federal Finance Court (BFG), which fully upheld the complaint in 2021, resulting in a tax refund to RBI in the amount of around € 14 million (including interest). The authority filed an extraordinary appeal against the judgment of the BFG with the Austrian Administrative Court.

(57) Other agreements

Raiffeisen-Kundengarantiegemeinschaft Austria (RKÖ)

RBI AG is a member of Raiffeisen-Kundengarantiegemeinschaft Austria (Raiffeisen Customer Guarantee Scheme Austria (RKÖ)). The members of this association have a contractual obligation to guarantee jointly the punctual fulfillment of the entirety of an insolvent association member’s commitments arising from customer deposits and its own issues up to the limit of the sum of the individual capacities of the remaining association members. The individual capacity of an association member is measured on the basis of its freely available reserves subject to the pertinent provisions of the Austrian Banking Act (BWG).

In view of legal and regulatory changes and implementation of an institutional protection scheme, RKÖ and its member institutions decided in 2019 to discontinue the scheme for new transactions. Accordingly, the supplementary protection by RKÖ only applies to covered claims against members that arose before 1 October 2019. Customers’ rights under the statutory deposit guarantee scheme are unaffected by this and remain in full force and effect.

Institutional Protection Scheme (R-IPS)

On 21 December 2020, Raiffeisen Bank International AG, the regional Raiffeisen banks, and the Raiffeisen banks submitted applications to the FMA and the ECB to set up a new institutional protection scheme (Raiffeisen-IPS) consisting of RBI and its Austrian subsidiary banks, all regional Raiffeisen banks and the Raiffeisen banks and to join a cooperative under the name of Österreichische Raiffeisen-Sicherheitseinrichtung eGen for the purpose of statutory deposit protection and investor compensation as defined by the ESAEG. Contractual or statutory liability agreements have been concluded to protect the participating institutions from each other, and particularly ensure their liquidity and solvency if required.

This new Raiffeisen-IPS was legally approved by the ECB on 12 May 2021 and the FMA on 18 May 2021. In addition, this new IPS was recognized by the FMA as a deposit guarantee and investor compensation system in accordance with ESAEG on 28 May 2021. The institutions of the Raiffeisen Banking Group therefore withdrew from the Austrian deposit insurance (ESA) on 29 November 2021 in accordance with the statutory provisions of the ESAEG.

The previously existing institutional protection schemes at federal and state level (B-IPS and L-IPS) were dissolved in accordance with the notification for the Raiffeisen-IPS in June 2021 and their special assets were transferred to the new Raiffeisen-IPS. The Österreichische Raiffeisen-Sicherheitseinrichtung eGen (ÖRS, formerly Sektorrisiko eGen) will be responsible for early risk identification and reporting for the Raiffeisen-IPS and will in particular manage the funds for the IPS and the fund for the statutory deposit protection. The Raiffeisen-IPS is controlled by the overall risk council, which is made up of representatives of RBI, the regional Raiffeisen banks and representatives of the Raiffeisen banks. In performing its tasks, this is supported, among others, by regional risk councils at the level of the federal states.

(58) Fiduciary business pursuant to § 48 (1) of the Austrian Banking Act (BWG)

Fiduciary business not recognized in the statement of financial position was concluded with the following volumes on the reporting date:

in € million	2021	2020
Fiduciary assets	**220**	**228**
Loans to customers	213	220
Financial investments	7	7
Fiduciary liabilities	**220**	**228**
Deposits from banks	80	87
Deposits from customers	133	134
Other fiduciary liabilities	7	7

Funds managed by the Group:

in € million	2021	2020
Retail investment funds	**34,899**	**28,637**
Equity-based and balanced funds	23,502	16,409
Bond-based funds	10,853	11,668
Other	544	559
Special funds	**17,335**	**12,375**
Property-based funds	**366**	**318**
Pension funds	**5,660**	**5,132**
Customer portfolio managed on a discretionary basis	**1,440**	**1,167**
Other investment vehicles	**140**	**110**
Total	**59,840**	**47,739**

(59) RBI as lessor

Income from finance and operating leases is as follows:

in € million	2021	2020
Finance lease	**119**	**125**
Finance income on the net investment lease	119	125
Operating Lease	**78**	**76**
Lease income	78	76
Total	**197**	**201**

There is no lease income from variable lease payments that do not depend on an index or a rate.

Finance leases

Assets under finance leases break down as follows; the respective carrying amounts are presented in the statement of financial position under financial assets – amortized cost:

in € million	2021	2020
Vehicles leasing	1,568	1,512
Real estate leasing	896	940
Equipment leasing	696	691
Total	**3,161**	**3,144**

Maturity analysis of lease receivables to be received after the reporting date:

in € million	2021	2020
Gross investment value	**3,520**	**3,467**
Minimum lease payments	3,096	3,039
Up to 3 months	274	258
More than 3 months, up to 1 year	689	618
More than 1 year, up to 5 years	1,705	1,721
More than 5 years	428	443
Non-guaranteed residual value	424	428
Unearned finance income	**359**	**324**
Up to 3 months	31	28
More than 3 months, up to 1 year	83	69
More than 1 year, up to 5 years	177	152
More than 5 years	68	75
Net investment value	**3,161**	**3,144**

In the financial year, there was no income relating to variable lease payments not included in the measurement of the net investment in the lease. Profit due to sale of leased assets as part of a finance lease was € 366 thousand (previous year: € 318 thousand).

Operating leases

Assets under operating leases (including unleased parts) break down as follows; the respective carrying amounts are presented in the statement of financial position under tangible fixed assets:

in € million	2021	2020
Vehicles leasing	76	74
Real estate leasing	128	130
Equipment leasing	0	1
Total	**204**	**205**

Maturity analysis of undiscounted lease receivables to be received after the reporting date:

in € million	2021	2020
Up to 1 year	34	34
More than 1 year, up to 5 years	64	59
More than 5 years	18	12
Total	**116**	**104**

(60) RBI as lessee

Leases mainly relate to land and buildings, vehicles and IT equipment.

Right-of-use assets

The following table shows the development of right-of-use assets for property, plant and equipment, which are presented in the statement of financial position under tangible fixed assets, and related accumulated depreciation, which is presented in profit or loss under general administrative expenses:

in € million	2021	2020
Cost of acquisition or conversion as at 1/1	**601**	**540**
Discontinued operations	(21)	0
Change in consolidated group	13	0
Exchange differences	10	(30)
Additions	60	111
Disposals	(40)	(19)
Transfers	0	0
Cost of acquisition or conversion as at 31/12	**623**	**601**
Accumulated write-ups/depreciation/impairment	(217)	(154)
hereof depreciation/impairment	(79)	(83)
Carrying amount as at 31/12	**406**	**447**

Lease liabilities

The following table shows the maturity analysis of lease liabilities, showing the undiscounted lease payments to be paid after the reporting date; the respective carrying amounts are presented under financial assets – amortized cost:

in € million	2021	2020
Up to 1 year	79	85
More than 1 year, up to 5 years	221	242
More than 5 years	150	167
Total	**450**	**495**

Amounts recognized in profit or loss

Interest on lease liabilities is presented in profit or loss under net interest income and expenses relating to short-term leases and leases of low-value assets are presented in other administrative expenses.

in € million	2021	2020
Interest on lease liabilities	(8)	(4)
Variable lease payments not included in the measurement of lease liabilities	0	0
Income from sub-leasing right-of-use assets	0	0
Expenses relating to short-term leases	(12)	(12)
Expenses relating to leases of low-value assets	(5)	(5)
Total	**(25)**	**(20)**

(61) Geographical markets pursuant to § 64 (1) 18 of the Austrian Banking Act (BWG)

2021 in € million	Operating income	hereof net interest income	Profit/loss before tax	Income taxes	Number of employees as at reporting date
Poland	14	13	(311)	0	247
Slovakia	482	300	213	(47)	3,471
Slovenia	4	0	4	0	0
Czech Republic	573	385	224	(45)	3,739
Hungary	362	189	112	(11)	2,237
Central Europe	**1,435**	**886**	**241**	**(104)**	**9,694**
Albania	75	55	34	(5)	1,225
Bosnia and Herzegovina	113	60	39	(4)	1,266
Bulgaria	186	119	78	(8)	2,404
Croatia	194	110	61	(11)	1,745
Kosovo	65	48	29	(3)	850
Romania	550	370	214	(41)	4,799
Serbia	155	86	68	(8)	1,489
Southeastern Europe	**1,338**	**850**	**523**	**(81)**	**13,778**
Belarus	155	82	64	(16)	1,600
Russia	1,131	744	591	(117)	9,327
Ukraine	350	254	150	(28)	6,645
Eastern Europe	**1,636**	**1,080**	**805**	**(161)**	**17,572**
Austria and other	**2,494**	**597**	**1,301**	**(35)**	**5,141**
Reconciliation	(1,333)	(85)	(1,080)	13	0
Total	**5,570**	**3,327**	**1,790**	**(368)**	**46,185**

2020[1] in € million	Operating income	hereof net interest income	Profit/loss before tax	Income taxes	Number of employees as at reporting date
Poland	18	16	(66)	(1)	238
Slovakia	478	292	144	(34)	3,580
Slovenia	6	0	5	0	9
Czech Republic	468	330	112	(21)	3,138
Hungary	303	149	53	(12)	2,279
Central Europe	**1,272**	**787**	**249**	**(68)**	**9,244**
Albania	69	53	15	(2)	1,285
Bosnia and Herzegovina	108	63	24	(2)	1,268
Bulgaria	169	114	33	(3)	2,536
Croatia	181	115	21	(7)	1,818
Kosovo	58	47	19	(2)	842
Romania	538	372	161	(30)	5,115
Serbia	146	85	53	(6)	1,480
Southeastern Europe	**1,269**	**849**	**326**	**(53)**	**14,344**
Belarus	150	83	66	(19)	1,690
Russia	1,141	741	581	(122)	8,733
Ukraine	341	236	163	(30)	6,559
Eastern Europe	**1,632**	**1,060**	**811**	**(172)**	**16,982**
Austria and other	**1,888**	**505**	**486**	**(41)**	**4,844**
Reconciliation	(988)	(81)	(689)	13	0
Total	**5,073**	**3,121**	**1,183**	**(321)**	**45,414**

1 Previous-year figures adapted due to changed allocation (adjustments in order to increase transparency). Further information can be found in the notes, chapter principles underlying the consolidated statements under changes to the income statement.

(62) Foreign currency volumes pursuant to § 64 (1) 2 of the Austrian Banking Act (BWG)

in € million	2021	2020
Assets	91,497	72,101
Liabilities	77,170	61,716

(63) Volume of the securities trading book pursuant to § 64 (1) 15 of the Austrian Banking Act (BWG)

in € million	2021	2020
Securities	5,771	5,890
Other financial instruments	161,800	172,892
Total	**167,571**	**178,783**

(64) Securities admitted for trading on a stock exchange pursuant to § 64 (1) 10 of the Austrian Banking Act (BWG)

	2021		2020	
in € million	Listed	Unlisted	Listed	Unlisted
Bonds, notes and other fixed-interest securities	15,882	553	15,378	529
Shares and other variable-yield securities	299	65	163	53
Investments	1	123	3	95
Total	**16,182**	**741**	**15,544**	**677**

(65) Subordinated assets pursuant to § 45 (2) of the Austrian Banking Act (BWG)

in € million	2021	2020
Loans and advances	134	147
Debt securities	104	110
Total	**238**	**258**

(66) Related parties

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

Transactions with related parties (companies and individuals) are limited to banking business transactions that are carried out at fair market conditions. Disclosures on related parties (individuals) are reported under (68) Relations to key management.

2021 in € million	Companies with significant influence	Affiliated companies	Investments in associates valued at equity	Other interests
Selected financial assets	**97**	**461**	**1,232**	**592**
Equity instruments	0	251	717	151
Debt securities	17	0	179	14
Loans and advances	79	209	337	428
Selected financial liabilities	**2,202**	**100**	**4,460**	**486**
Deposits	2,202	100	4,456	486
Debt securities issued	0	0	4	0
Other items	**125**	**1**	**269**	**139**
Loan commitments, financial guarantees and other commitments given	76	1	236	128
Loan commitments, financial guarantees and other commitments received	48	0	34	11
Nominal amount of derivatives	278	0	90	1,794
Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions on non-performing exposures	0	(4)	0	0

2020 in € million	Companies with significant influence	Affiliated companies	Investments in associates valued at equity	Other interests
Selected financial assets	**23**	**470**	**1,133**	**591**
Equity instruments	0	254	748	157
Debt securities	14	0	162	14
Loans and advances	10	215	223	420
Selected financial liabilities	**2,339**	**121**	**4,941**	**465**
Deposits	2,339	120	4,941	465
Debt securities issued	0	1	0	0
Other items	**153**	**3**	**319**	**127**
Loan commitments, financial guarantees and other commitments given	135	3	291	127
Loan commitments, financial guarantees and other commitments received	18	0	29	0
Nominal amount of derivatives	278	15	280	1,715
Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions on non-performing exposures	0	(3)	0	0

2021 in € million	Companies with significant influence	Affiliated companies	Investments in associates valued at equity	Other interests
Interest income	9	3	9	5
Interest expenses	(26)	(7)	(33)	0
Dividend income	0	15	138	2
Fee and commission income	6	10	12	4
Fee and commission expenses	(1)	(1)	(11)	(23)
Gains/losses on derecognition of financial assets and liabilities not measured at fair value through profit or loss	0	0	0	0
Gains/losses on derecognition of non-financial assets	0	0	0	0
Increase/decrease in impairment, fair value changes due to credit risk and provisions for non-performing exposures	0	1	1	0

2020 in € million	Companies with significant influence	Affiliated companies	Investments in associates valued at equity	Other interests
Interest income	9	3	9	5
Interest expenses	(17)	(1)	(29)	(1)
Dividend income	0	11	49	11
Fee and commission income	7	5	12	5
Fee and commission expenses	(3)	(1)	(8)	(3)
Gains/losses on derecognition of financial assets and liabilities not measured at fair value through profit or loss	0	0	0	0
Gains/losses on derecognition of non-financial assets	0	0	0	0
Increase/decrease in impairment, fair value changes due to credit risk and provisions for non-performing exposures	0	(1)	(1)	0

(67) Staff

Full-time equivalents	2021	2020
Average number of staff	45,907	46,345
hereof salaried employees	45,286	45,730
hereof wage earners	621	615
Employees as at reporting date	46,185	45,414
hereof Austria	4,449	4,227
hereof foreign	41,736	41,187

(68) Relations to key management

Group relationship with key management

Key management refers to the members of the Management Board and the Supervisory Board of RBI AG. Transactions between key management and RBI are as follows (respective fair values):

in € thousand	2021	2020
Debt securities	1,622	1,705
Shares	4,934	3,579
Deposits	162	4,096
Loans	233	306
Lease liabilities	0	27

Transactions of related parties of key management to RBI:

in € thousand	2021	2020
Shares	5	3
Other receivables	420	388
Deposits	7	7
Loans	6	4

There is no compensation agreed between the company and members of the Management Board and Supervisory Board or employees in the case of a takeover bid.

Remuneration of members of the Management Board according to IAS 24.17

The expenses according to IAS 24 were recognized on an accrual basis and according to the rules of the underlying standards (IAS 19 and IFRS 2):

in € thousand	2021	2020
Short-term employee benefits	8,825	8,397
Post-employment benefits	472	432
Other long-term benefits	1,574	2,023
Total	**10,871**	**10,853**

Short-term employee benefits shown in the above table contain salaries and benefits in kind and other benefits, remuneration for board functions at affiliated companies and those portions of the bonus provision that are due in the short term.

Furthermore, it also includes changes possibly arising from the difference between the bonus provision and the bonus later awarded. Post-employment benefits comprise payments to pension funds and payments according to Retirement Plan Act (Mitarbeitervorsorgegesetz), severance payments, vacation compensation as well as net allocations to provisions for retirement benefits and severance payments.

Other long-term benefits contain portions of the bonus provision relating to deferred bonus portions in cash and retained portions payable in instruments. For the latter, valuation changes due to currency fluctuations are considered.

Bonus calculation is linked to the achievement of annually agreed objectives. These comprise four or five categories covering specific targets and financial targets adapted to the respective function. These are, for example, profit after tax in a particular segment, return on risk adjusted capital (RORAC), total costs, risk-weighted assets, customer-oriented and employee-oriented targets, as well as process-based, efficiency-based, and infrastructure targets, and if necessary other additional targets.

The bonus level is determined by the level of the return on equity and the cost/income ratio, whereby the target values to be achieved reflect the so-called strategic targets for the return on equity and the cost/income ratio at RBI level.

Members of the Management Board are subject in principle to the same regulations as apply to employees. These regulations provide for a basic contribution to a pension fund from the company and an additional contribution, if the employee pays own contributions of the same amount.

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

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

An amount of € 1,319 thousand (previous year's period: € 1,276 thousand) was paid in pension benefits to former members of the Management Board and to their surviving dependants. In addition to these amounts, short-term benefits and deferred bonus components as well as severance payments totaling € 2,566 thousand (previous year's period : € 3,409 thousand) were paid to former members of the Management Board.

Remuneration of members of the Supervisory Board

in € thousand	2021	2020
Remunerations Supervisory Board	1,123	1,045

The Annual General Meeting held on 22 April 2021 approved a remuneration model for the Supervisory Board, beginning on 23 April 2021 and for the following years. It was decided to distribute the remuneration as follows: Chairman € 120 thousand, Deputy Chairman € 95 thousand, members of the Supervisory Board € 60 thousand, plus attendance fees, for the Chairman of the Audit Committee and the Risk Committee each additional € 17.5 thousand.

In the 2021 financial year, no contracts subject to approval within the meaning of § 95 (5) 12 of the Austrian Stock Corporation Act (AktG) were concluded with members of the Supervisory Board.

Remuneration of members of the Advisory Council

in € thousand	2021	2020
Remuneration Advisory Council	185	179

The Annual General Meeting held on 21 June 2018 passed a resolution to grant remuneration to the Advisory Council members for their work. It was decided to distribute the remuneration as follows: Chairman € 25 thousand, Deputy Chairman € 20 thousand, each additional member € 15 thousand, plus attendance fees.

(69) Boards

Management Board

Members of the Management Board	Original appointment	End of term
Johann Strobl, Chairman	22 September 2010[1]	28 February 2027
Andreas Gschwenter	1 July 2015	30 June 2023
Lukasz Januszewski	1 March 2018	28 February 2026
Peter Lennkh	1 October 2004	31 December 2025
Hannes Mösenbacher	18 March 2017	28 February 2025
Andrii Stepanenko	1 March 2018	28 February 2026

1 Effective as of 10 October 2010

Supervisory Board

Members of the Supervisory Board	Original appointment	End of term
Erwin Hameseder, Chairman	8 July 2010[1]	Annual General Meeting 2025
Martin Schaller, 1st Deputy Chairman	4 June 2014	Annual General Meeting 2024
Heinrich Schaller, 2nd Deputy Chairman	20 June 2012	Annual General Meeting 2022
Klaus Buchleitner	26 June 2013	Annual General Meeting 2025
Peter Gauper	22 June 2017	Annual General Meeting 2022
Wilfried Hopfner	22 June 2017	Annual General Meeting 2022
Rudolf Könighofer	22 June 2017	Annual General Meeting 2022
Reinhard Mayr	20 October 2020	Annual General Meeting 2025
Heinz Konrad	20 October 2020	Annual General Meeting 2025
Eva Eberhartinger	22 June 2017	Annual General Meeting 2022
Andrea Gaal	21 June 2018	Annual General Meeting 2023
Birgit Noggler	22 June 2017	Annual General Meeting 2022
Rudolf Kortenhof[2]	10 October 2010	Until further notice
Peter Anzeletti-Reikl[2]	10 October 2010	Until further notice
Gebhard Muster[2]	22 June 2017	Until further notice
Helge Rechberger[2]	10 October 2010	Until further notice
Natalie Egger-Grunicke[2]	18 February 2016	Until further notice
Denise Simek[2]	1 October 2021	Until further notice

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

State Commissioners

- Alfred Lejsek, State Commissioner (since 1 January 2011)
- Anton Matzinger, Deputy State Commissioner (since 1 April 2011 until 31 March 2021)
- Matthias Kudweis, Deputy State Commissioner (since 1 April 2021)

(70) Group composition

Consolidated subsidiaries where RBI holds less than 50 per cent of the ordinary voting shares

Subsidiaries in which the Group holds less than half of the voting rights are fully consolidated if RBI has effective control according to the criteria of IFRS 10. This involves examining whether the Group is exposed or has rights to variable returns from its involvement in the investee and has the ability to affect those returns through its power over the investee.

Structured units have been designed in such a way that voting rights or other similar rights are not the dominant factor in establishing control of a company.

The Group has several leasing companies in the legal form of a GmbH & Co KG, in which a Group company assumes the role of general partner. Through this structure, the Group assumes the requisite personal liability which qualifies as exposure to the variability of the returns generated by the structured companies. These companies are included in the list of fully consolidated affiliated companies.

Subsidiaries not fully consolidated where RBI holds more than 50 per cent of the ordinary voting shares

Due to their negligible contribution to the Group's assets, earnings and financial position, 274 subsidiaries were not included in the consolidated financial statements (previous year: 290). Total assets of the companies not included came to less than 1 per cent of the Group's total assets.

List of fully consolidated affiliated companies

Company, domicile (country)	Subscribed capital[1] in local currency		Share[1]	Type[2]
"Raiffeisen-Rent" Vermögensberatung und Treuhand Gesellschaft m.b.H., Vienna (AT)	364,000	EUR	100.0%	FI
Abade Immobilienleasing GmbH, Eschborn (DE)	25,000	EUR	100.0%	FI
Abade Immobilienleasing GmbH & Co Projekt Lauterbach KG, Eschborn (DE)	5,000	EUR	6.0%	FI
Abura Immobilienleasing GmbH & Co. Projekt Seniorenhaus Boppard KG, Eschborn (DE)	5,000	EUR	6.0%	FI
Achat Immobilien GmbH & Co. Projekt Hochtaunus-Stift KG, Eschborn (DE)	10,000	EUR	1.0%	FI
Acridin Immobilienleasing GmbH & Co. Projekt Marienfeld KG, Eschborn (DE)	5,000	EUR	100.0%	FI
Adagium Immobilienleasing GmbH, Eschborn (DE)	25,000	EUR	100.0%	FI
Adamas Immobilienleasing GmbH & Co. Projekt Pflegeheim Werdau KG, Eschborn (DE)	5,000	EUR	100.0%	FI
Adiantum Immobilienleasing GmbH & Co. Projekt Schillerhöhe Weimar KG, Eschborn (DE)	5,000	EUR	6.0%	FI
Adorant Immobilienleasing GmbH & Co. Projekt Heilsbronn und Neuendettelsau KG, Eschborn (DE)	5,000	EUR	6.0%	OT
Ados Immobilienleasing GmbH, Eschborn (DE)	25,000	EUR	75.0%	FI
Adrittura Immobilienleasing GmbH & Co. Projekt Eiching KG, Eschborn (DE)	5,000	EUR	70.0%	OT
Aedificium Banca pentru Locuinte S.A., Bucharest (RO)	121,678,080	RON	99.9%	BA
Agamemnon Immobilienleasing GmbH & Co. Projekt Pflegeheim Freiberg KG, Eschborn (DE)	5,000	EUR	100.0%	FI
AGIOS Raiffeisen-Immobilien Leasing Gesellschaft m.b.H., Vienna (AT)	36,400	EUR	51.0%	FI
Akcenta CZ a.s., Prague (CZ)	100,125,000	CZK	92.5%	BR
AKRISIOS Raiffeisen-Immobilien-Leasing GmbH, Vienna (AT)	35,000	EUR	100.0%	FI
AL Taunussteiner Grundstücks-GmbH & Co KG, Eschborn (DE)	9,400	EUR	93.6%	FI
A-Leasing SpA, Treviso (IT)	68,410,000	EUR	100.0%	FI
AMYKOS RBI Leasing-Immobilien GmbH, Vienna (AT)	35,000	EUR	75.0%	FI
Anton Proksch Institut Kalksburg RBI Immobilien Leasing GmbH, Vienna (AT)	35,000	EUR	75.0%	OT
AO Raiffeisenbank, Moscow (RU)	36,711,260,000	RUB	100.0%	BA
ARCANA Raiffeisen-Immobilien-Leasing Gesellschaft m.b.H., Vienna (AT)	36,400	EUR	100.0%	FI
A-Real Estate S.p.A., Bozen (IT)	390,000	EUR	100.0%	FI
Austria Leasing Beteiligungsgesellschaft mbH, Eschborn (DE)	25,000	EUR	100.0%	FI
Austria Leasing GmbH, Eschborn (DE)	1,000,000	EUR	100.0%	FI
B52 RBI Leasing-Immobilien GmbH, Vienna (AT)	35,000	EUR	75.0%	OT
BAILE Handels- und Beteiligungsgesellschaft m.b.H., Vienna (AT)	40,000	EUR	100.0%	FI
Baumgartner Höhe RBI Leasing-Immobilien GmbH, Vienna (AT)	35,000	EUR	75.0%	FI
Burgenländische Kommunalgebäudeleasing Gesellschaft m.b.H., Vienna (AT)	35,000	EUR	100.0%	FI
Campus ATZ + DOS RBI Immobilien-Leasing GmbH, Vienna (AT)	35,000	EUR	75.0%	OT
Campus NBhf RBI Immobilien-Leasing GmbH, Vienna (AT)	35,000	EUR	75.0%	OT
Canopa Raiffeisen-Immobilien-Leasing Gesellschaft m.b.H., Vienna (AT)	36,400	EUR	100.0%	FI
Centralised Raiffeisen International Services & Payments S.R.L., Bucharest (RO)	2,820,000	RON	100.0%	BR
CERES Raiffeisen-Immobilien-Leasing GmbH, Vienna (AT)	35,000	EUR	100.0%	FI
CINOVA RBI Leasing-Immobilien GmbH, Vienna (AT)	35,000	EUR	75.0%	FI
CP Inlandsimmobilien-Holding GmbH, Vienna (AT)	364,000	EUR	100.0%	OT
CUPIDO Raiffeisen-Immobilien-Leasing GmbH, Vienna (AT)	35,000	EUR	100.0%	FI
DOROS Raiffeisen-Immobilien-Leasing GmbH, Vienna (AT)	35,000	EUR	100.0%	FI
Elevator Ventures Beteiligungs GmbH, Vienna (AT)	100,000	EUR	100.0%	FI
Equa bank a.s., Prague (CZ)	2,260,000,000	CZK	75.0%	BA
Equa Sales & Distribution s.r.o., Prague (CZ)	100,000,000	CZK	75.0%	FI
ETEOKLES Raiffeisen-Immobilien-Leasing GmbH, Vienna (AT)	35,000	EUR	100.0%	FI
Expo 2000 Real Estate EOOD, Sofia (BG)	10,000	BGN	100.0%	OT
FCC Office Building SRL, Bucharest (RO)	30,298,500	RON	100.0%	BR
FEBRIS Raiffeisen-Immobilien-Leasing GmbH, Vienna (AT)	35,000	EUR	100.0%	FI
Floreasca City Center Verwaltung Kft., Budapest (HU)	42,000	HUF	100.0%	FI
FMK Fachmarktcenter Kohlbruck Betriebs GmbH, Eschborn (DE)	30,678	EUR	94.5%	OT
FMZ PRIMUS Ingatlanfejlesztö Kft., Budapest (HU)	11,077	EUR	100.0%	OT
GENO Leasing Ges.m.b.H., Vienna (AT)	36,400	EUR	100.0%	FI

1 Less own shares
2 Company type: BA Bank, BR Company rendering banking-related ancillary services, FH Financial holding, FI Financial institution, OT Other companies, VV Insurance, SC Securities firms

Company, domicile (country)	Subscribed capital[1] in local currency		Share[1]	Type[2]
GTNMS RBI Immobilien-Leasing GmbH, Vienna (AT)	35,000	EUR	75.0%	OT
HABITO Raiffeisen-Immobilien-Leasing GmbH, Vienna (AT)	35,000	EUR	100.0%	FI
Health Resort RBI Immobilien-Leasing GmbH, Vienna (AT)	35,000	EUR	75.0%	FI
IMPULS-LEASING Slovakia s.r.o., Bratislava (SK)	500,000	EUR	78.7%	FI
Infrastruktur Heilbad Sauerbrunn RBI-Leasing GmbH & Co.KG., Bad Sauerbrunn (AT)	3,511,188	EUR	75.0%	FI
Invest Vermögensverwaltungs-GmbH, Vienna (AT)	73,000	EUR	100.0%	OT
JLLC "Raiffeisen-leasing", Minsk (BY)	430,025	BYN	91.4%	FI
Kathrein Privatbank Aktiengesellschaft, Vienna (AT)	20,000,000	EUR	100.0%	BA
KAURI Handels und Beteiligungs GmbH, Vienna (AT)	50,000	EUR	88.0%	FI
Kiinteistö Oy Rovaniemen tietotekniikkakeskus, Helsinki (FI)	100,000	EUR	100.0%	FI
Kiinteistö Oy Seinäjoen Joupinkatu 1, Helsinki (FI)	100,000	EUR	100.0%	FI
KONEVOVA s.r.o., Prague (CZ)	50,000,000	CZK	75.0%	BR
LARENTIA Raiffeisen-Immobilien-Leasing GmbH, Vienna (AT)	35,000	EUR	100.0%	OT
Lentia Immobilienleasing GmbH & Co. Albert-Osswald-Haus KG, Eschborn (DE)	5,000	EUR	6.0%	FI
Limited Liability Company Raiffeisen Leasing Aval, Kiev (UA)	1,240,152,866	UAH	72.3%	FI
LYRA Raiffeisen Immobilien Leasing Gesellschaft m.b.H., Vienna (AT)	36,400	EUR	100.0%	FI
Objekt Linser Areal Immoblilienerrichtungs GmbH & Co. KG, Vienna (AT)	1,000	EUR	100.0%	OT
OOO Raiffeisen Capital Asset Management Company, Moscow (RU)	225,000,000	RUB	100.0%	FI
OOO Raiffeisen-Leasing, Moscow (RU)	1,071,000,000	RUB	100.0%	FI
Orestes Immobilienleasing GmbH & Co. Projekt Wiesbaden KG, Eschborn (DE)	5,000	EUR	6.0%	FI
Ostarrichi Immobilienleasing GmbH & Co. Projekt Langenbach KG, Eschborn (DE)	5,000	EUR	100.0%	FI
OVIS Raiffeisen-Immobilien-Leasing Gesellschaft m.b.H., Vienna (AT)	36,400	EUR	90.0%	FI
PELIAS Raiffeisen-Immobilien-Leasing GmbH, Vienna (AT)	36,400	EUR	100.0%	FI
PERSES RBI Leasing-Immobilien GmbH, Vienna (AT)	35,000	EUR	75.0%	FI
PLANA Raiffeisen-Leasing Gesellschaft m.b.H., Vienna (AT)	36,400	EUR	100.0%	FI
Priorbank JSC, Minsk (BY)	86,147,909	BYN	87.7%	BA
R Karpo Immobilien Linie S.R.L., Bucharest (RO)	200	RON	100.0%	OT
R.P.I. Handels- und Beteiligungsgesellschaft m.b.H., Vienna (AT)	36,336	EUR	100.0%	FI
Raiffeisen Bank d.d. Bosna i Hercegovina, Sarajevo (BA)	247,167,000	BAM	100.0%	BA
Raiffeisen Bank JSC, Kiev (UA)	6,154,516,258	UAH	68.2%	BA
Raiffeisen Bank Kosovo J.S.C., Pristina (KO)	63,000,000	EUR	100.0%	BA
Raiffeisen Bank S.A., Bucharest (RO)	1,200,000,000	RON	99.9%	BA
Raiffeisen Bank Sh.a., Tirana (AL)	14,178,593,030	ALL	100.0%	BA
Raiffeisen Bank Zrt., Budapest (HU)	50,000,090,000	HUF	100.0%	BA
Raiffeisen banka a.d., Belgrade (RS)	27,466,157,580	RSD	100.0%	BA
Raiffeisen Bausparkasse Gesellschaft m.b.H., Vienna (AT)	35,000,000	EUR	100.0%	BA
Raiffeisen Bausparkassen Holding GmbH, Vienna (AT)	10,000,000	EUR	100.0%	FH
Raiffeisen CEE Region Holding GmbH, Vienna (AT)	35,000	EUR	100.0%	FH
Raiffeisen Centrobank AG, Vienna (AT)	47,598,850	EUR	100.0%	BA
Raiffeisen CIS Region Holding GmbH, Vienna (AT)	35,000	EUR	100.0%	FH
Raiffeisen consulting d.o.o., Zagreb (HR)	105,347,000	HRK	100.0%	FI
Raiffeisen Corporate Leasing GmbH, Vienna (AT)	35,000	EUR	100.0%	FI
Raiffeisen Corporate Lízing Zrt., Budapest (HU)	50,100,000	HUF	100.0%	FI
Raiffeisen Factor Bank AG, Vienna (AT)	10,000,000	EUR	100.0%	FI
Raiffeisen FinCorp, s.r.o., Prague (CZ)	200,000	CZK	75.0%	FI
Raiffeisen Immobilienfonds, Vienna (AT)	0	EUR	96.5%	FI
Raiffeisen International Liegenschaftsbesitz GmbH, Vienna (AT)	35,000	EUR	100.0%	FI
Raiffeisen Kapitalanlage-Gesellschaft m.b.H., Vienna (AT)	15,000,000	EUR	100.0%	FI
Raiffeisen Leasing Bulgaria EOOD, Sofia (BG)	35,993,000	BGN	100.0%	FI
Raiffeisen Leasing d.o.o., Belgrade (RS)	226,355,000	RSD	100.0%	FI

1 Less own shares
2 Company type: BA Bank, BR Company rendering banking-related ancillary services, FH Financial holding, FI Financial institution, OT Other companies, VV Insurance, SC Securities firms

Company, domicile (country)	Subscribed capital[1] in local currency		Share[1]	Type[2]
Raiffeisen Leasing d.o.o. Sarajevo, Sarajevo (BA)	15,407,899	BAM	100.0%	FI
Raiffeisen Leasing IFN S.A., Bucharest (RO)	14,935,400	RON	99.9%	FI
Raiffeisen Leasing Kosovo LLC, Pristina (KO)	642,857	EUR	100.0%	FI
Raiffeisen Leasing sh.a., Tirana (AL)	263,520,134	ALL	100.0%	FI
Raiffeisen Leasing-Projektfinanzierung Gesellschaft m.b.H., Vienna (AT)	72,673	EUR	100.0%	FI
Raiffeisen Mandatory and Voluntary Pension Funds Management Company Plc., Zagreb (HR)	143,445,300	HRK	100.0%	OT
Raiffeisen ÖHT Beteiligungs GmbH, Vienna (AT)	35,000	EUR	88.0%	FI
Raiffeisen Pension Insurance d.d., Zagreb (HR)	23,100,000	HRK	100.0%	VV
Raiffeisen Property Holding International GmbH, Vienna (AT)	35,000	EUR	100.0%	FI
Raiffeisen Property International GmbH, Vienna (AT)	40,000	EUR	100.0%	OT
Raiffeisen Property Management GmbH, Vienna (AT)	40,000	EUR	100.0%	OT
Raiffeisen Rehazentrum Schruns Immobilienleasing GmbH, Vienna (AT)	36,400	EUR	51.0%	FI
Raiffeisen Rent DOO, Belgrade (RS)	243,099,913	RSD	100.0%	OT
Raiffeisen RS Beteiligungs GmbH, Vienna (AT)	35,000	EUR	100.0%	FH
Raiffeisen SEE Region Holding GmbH, Vienna (AT)	35,000	EUR	100.0%	FH
Raiffeisen stambena stedionica d.d., Zagreb (HR)	180,000,000	HRK	100.0%	BA
Raiffeisen stavebni sporitelna a.s., Prague (CZ)	650,000,000	CZK	75.0%	BA
Raiffeisen WohnBau Seeresidenz Weyregg GmbH, Vienna (AT)	35,000	EUR	100.0%	OT
Raiffeisen WohnBau Tirol GmbH, Vienna (AT)	35,000	EUR	100.0%	OT
Raiffeisen WohnBau Vienna GmbH, Vienna (AT)	35,000	EUR	100.0%	OT
Raiffeisen WohnBau Wien GmbH, Vienna (AT)	35,000	EUR	100.0%	OT
Raiffeisen Wohnbaubank Aktiengesellschaft, Vienna (AT)	5,100,000	EUR	100.0%	FI
Raiffeisen-Anlagenvermietung Gesellschaft m.b.H., Vienna (AT)	36,400	EUR	100.0%	FI
Raiffeisenbank (Bulgaria) EAD, Sofia (BG)	603,447,952	BGN	100.0%	BA
Raiffeisenbank a.s., Prague (CZ)	15,460,800,000	CZK	75.0%	BA
Raiffeisenbank Austria d.d., Zagreb (HR)	3,621,432,000	HRK	100.0%	BA
Raiffeisen-Gemeindegebäudeleasing Gesellschaft m.b.H., Vienna (AT)	35,000	EUR	100.0%	FI
Raiffeisen-Immobilien-Leasing Gesellschaft m.b.H., Vienna (AT)	36,400	EUR	100.0%	FI
Raiffeisen-Invest-Gesellschaft m.b.H., Vienna (AT)	40,000	EUR	100.0%	FI
Raiffeisen-Kommunalgebäudeleasing Gesellschaft m.b.H., Vienna (AT)	35,000	EUR	100.0%	FI
Raiffeisen-Leasing Beteiligung GesmbH, Vienna (AT)	36,400	EUR	100.0%	FI
Raiffeisen-Leasing d.o.o., Zagreb (HR)	30,000,000	HRK	100.0%	FI
Raiffeisen-Leasing Equipment Finance GmbH, Vienna (AT)	35,000	EUR	100.0%	FI
Raiffeisen-Leasing Finanzierungs GmbH, Vienna (AT)	5,000,000	EUR	100.0%	FI
Raiffeisen-Leasing Fuhrparkmanagement Gesellschaft m.b.H., Vienna (AT)	36,400	EUR	100.0%	OT
Raiffeisen-Leasing Gesellschaft m.b.H., Vienna (AT)	363,364	EUR	100.0%	FI
Raiffeisen-Leasing Immobilienmanagement Gesellschaft m.b.H., Vienna (AT)	36,400	EUR	100.0%	FI
Raiffeisen-Leasing International Gesellschaft m.b.H., Vienna (AT)	36,336	EUR	100.0%	FI
Raiffeisen-Leasing Litauen UAB, Vilnius (LT)	100,000	EUR	92.3%	FI
Raiffeisen-Leasing, s.r.o., Prague (CZ)	450,000,000	CZK	75.0%	FI
Raiffeisen-Rent Immobilienprojektentwicklung Gesellschaft m.b.H. Objekt Wallgasse 12 KG, Vienna (AT)	4,886,449	EUR	100.0%	OT
Raiffeisen-Rent-Immobilienprojektentwicklung Gesellschaft m.b.H., Objekt Lenaugasse 11 KG, Vienna (AT)	6,169,924	EUR	100.0%	OT
RALT Raiffeisen-Leasing Gesellschaft m.b.H., Vienna (AT)	218,500	EUR	100.0%	FI
RALT Raiffeisen-Leasing Gesellschaft m.b.H. & Co. KG, Vienna (AT)	20,348,394	EUR	100.0%	BR
RAN vierzehn Raiffeisen-Anlagevermietung GmbH, Vienna (AT)	36,336	EUR	100.0%	FI
RAN zehn Raiffeisen-Anlagenvermietung Gesellschaft m.b.H., Vienna (AT)	36,336	EUR	100.0%	FI
RB International Markets (USA) LLC, New York (US)	8,000,000	USD	100.0%	FI
RBI Beteiligungs GmbH, Vienna (AT)	100,000	EUR	100.0%	FH
RBI eins Leasing Holding GmbH, Vienna (AT)	35,000	EUR	75.0%	FI
RBI Group IT GmbH, Vienna (AT)	100,000	EUR	100.0%	BR

1 Less own shares
2 Company type: BA Bank, BR Company rendering banking-related ancillary services, FH Financial holding, FI Financial institution, OT Other companies, VV Insurance, SC Securities firms

Company, domicile (country)	Subscribed capital[1] in local currency		Share[1]	Type[2]
RBI IB Beteiligungs GmbH, Vienna (AT)	50,000	EUR	100.0%	FH
RBI Invest GmbH, Vienna (AT)	500,000	EUR	100.0%	FH
RBI ITS Leasing-Immobilien GmbH, Vienna (AT)	35,000	EUR	75.0%	FI
RBI LEA Beteiligungs GmbH, Vienna (AT)	70,000	EUR	100.0%	FI
RBI Leasing GmbH, Vienna (AT)	100,000	EUR	75.0%	FI
RBI LGG Holding GmbH, Vienna (AT)	35,000	EUR	100.0%	FI
Realplan Beta Liegenschaftsverwaltung Gesellschaft m.b.H., Vienna (AT)	36,400	EUR	100.0%	FI
REC Alpha LLC, Kiev (UA)	1,481,843,204	UAH	100.0%	BR
Regional Card Processing Center s.r.o., Bratislava (SK)	539,465	EUR	100.0%	BR
RIL VII Raiffeisen-Immobilien-Leasing Gesellschaft m.b.H., Vienna (AT)	36,400	EUR	100.0%	FI
RIL XIV Raiffeisen-Immobilien-Leasing Gesellschaft m.b.H., Vienna (AT)	36,400	EUR	100.0%	FI
RIRE Holding GmbH, Vienna (AT)	35,000	EUR	100.0%	FI
RL Anlagenvermietung Gesellschaft m.b.H., Eschborn (DE)	50,000	DEM	100.0%	FI
RL Grundstückverwaltung Klagenfurt-Süd GmbH, Vienna (AT)	35,000	EUR	100.0%	FI
RL LUX Holding S.a.r.l., Luxembourg (LU)	12,500	EUR	100.0%	OT
RL Retail Holding GmbH, Vienna (AT)	36,000	EUR	100.0%	FI
RL Thermal Beteiligungen GmbH, Vienna (AT)	35,000	EUR	100.0%	FI
RL Thermal GmbH, Vienna (AT)	36,336	EUR	100.0%	FI
RL Thermal GmbH & Co Liegenschaftsverwaltung KG, Vienna (AT)	1,453,457	EUR	100.0%	FI
RL-ALPHA Holding GmbH, Vienna (AT)	35,000	EUR	100.0%	FI
RLI Holding Gesellschaft m.b.H., Vienna (AT)	40,000	EUR	100.0%	FI
RL-Mörby AB, Stockholm (SE)	100,000	SEK	100.0%	FI
RL-Nordic AB, Stockholm (SE)	50,000,000	SEK	100.0%	FI
RL-Nordic OY, Helsinki (FI)	100,000	EUR	100.0%	FI
RL-Pro Auxo Sp.z.o.o., Warsaw (PL)	50,000	PLN	100.0%	FI
RL-PROMITOR Holding GmbH, Vienna (AT)	35,000	EUR	100.0%	OT
RL-PROMITOR Sp. z.o.o., Warsaw (PL)	50,000	PLN	100.0%	OT
RUBRA Raiffeisen-Immobilien-Leasing Gesellschaft m.b.H., Vienna (AT)	36,400	EUR	100.0%	FI
RZB - BLS Holding GmbH, Vienna (AT)	500,000	EUR	100.0%	FI
RZB Finance (Jersey) III Ltd, St. Helier (JE)	1,000	EUR	100.0%	FI
RZB Versicherungsbeteiligung GmbH, Vienna (AT)	500,000	EUR	100.0%	FI
S.A.I. Raiffeisen Asset Management S.A., Bucharest (RO)	10,656,000	RON	99.9%	FI
SALVELINUS Handels- und Beteiligungsgesellschaft m.b.H, Vienna (AT)	40,000	EUR	100.0%	FI
SAMARA Raiffeisen-Immobilien-Leasing Gesellschaft m.b.H., Vienna (AT)	36,400	EUR	100.0%	FI
SINIS Raiffeisen-Immobilien-Leasing Gesellschaft m.b.H., Vienna (AT)	35,000	EUR	100.0%	FI
Sky Tower Immobilien- und Verwaltung Kft, Budapest (HU)	43,000	HUF	100.0%	OT
Skytower Building SRL, Bucharest (RO)	126,661,500	RON	100.0%	OT
SOLAR II Raiffeisen-Immobilien-Leasing Gesellschaft m.b.H., Vienna (AT)	36,400	EUR	100.0%	FI
Tatra Asset Management, správ. spol., a.s., Bratislava (SK)	1,659,700	EUR	78.8%	FI
Tatra banka, a.s., Bratislava (SK)	64,326,228	EUR	78.8%	BA
Tatra-Leasing, s.r.o., Bratislava (SK)	6,638,785	EUR	78.8%	FI
Ukrainian Processing Center PJSC, Kiev (UA)	180,000	UAH	100.0%	BR
Unterinntaler Raiffeisen-Leasing GmbH & Co KG, Vienna (AT)	36,336	EUR	100.0%	FI
URSA Raiffeisen-Immobilien-Leasing Gesellschaft m.b.H., Vienna (AT)	36,400	EUR	100.0%	FI
Valida Holding AG, Vienna (AT)	5,000,000	EUR	57.4%	FI
Valida Pension AG, Vienna (AT)	10,200,000	EUR	57.4%	OT
Valida Plus AG, Vienna (AT)	5,500,000	EUR	57.4%	FI
Viktor Property, s.r.o., Prague (CZ)	200,000	CZK	75.0%	OT
Vindalo Properties Limited, Limassol (CY)	67,998	RUB	100.0%	BR
Vindobona Immobilienleasing GmbH & Co. Projekt Autohaus KG, Eschborn (DE)	5,000	EUR	6.0%	FI

1 Less own shares
2 Company type: BA Bank, BR Company rendering banking-related ancillary services, FH Financial holding, FI Financial institution, OT Other companies, VV Insurance, SC Securities firms

Company, domicile (country)	Subscribed capital[1] in local currency		Share[1]	Type[2]
WEGA Raiffeisen-Immobilien-Leasing Gesellschaft m.b.H., Vienna (AT)	36,400	EUR	100.0%	FI
WHIBK Raiffeisen-Immobilien-Leasing GmbH, Vienna (AT)	35,000	EUR	100.0%	FI
ZHS Office- & Facilitymanagement GmbH, Vienna (AT)	36,336	EUR	98.6%	BR

1 Less own shares
2 Company type: BA Bank, BR Company rendering banking-related ancillary services, FH Financial holding, FI Financial institution, OT Other companies, VV Insurance, SC Securities firms

Structured units

The following tables show the carrying amounts of the financial assets and the financial liabilities to non-consolidated structured entities broken down by type of structured entity. The carrying amounts presented below do not reflect the true variability of returns faced by the Group as they do not take the effects of collateral or hedges into account.

Assets

2021 in € million	Loans and advances	Equity instruments	Foreign exchange business	Derivatives
Securitization vehicles	61	0	173	0
Third party funding entities	213	3	0	0
Funds	0	65	0	0
Total	**274**	**68**	**173**	**0**

2020 in € million	Loans and advances	Equity instruments	Foreign exchange business	Derivatives
Securitization vehicles	40	0	128	0
Third party funding entities	199	4	0	0
Funds	0	53	0	0
Total	**240**	**57**	**128**	**0**

Liabilities

2021 in € million	Deposits	Equity instruments	Debt securities issued	Derivatives
Securitization vehicles	0	0	0	0
Third party funding entities	8	1	0	0
Funds	0	0	0	0
Total	**8**	**1**	**0**	**0**

2020 in € million	Deposits	Equity instruments	Debt securities issued	Derivatives
Securitization vehicles	0	0	0	0
Third party funding entities	15	0	0	0
Funds	0	0	0	0
Total	**16**	**0**	**0**	**0**

Nature, purpose and extent of the Group's interests in non-consolidated structured entities

The Group engages in various business activities with structured entities which are designed to achieve a specific business purpose. A structured entity is one that has been set up so that any voting rights or similar rights are not the dominant factor in deciding who controls the entity. An example is when voting rights relate only to administrative tasks and the relevant activities are directed by contractual arrangements.

A structured entity often has some or all of the following features or attributes:

- Restricted activities
- A narrow and well-defined objective
- Insufficient equity to permit the structured entity to finance its activities without subordinated financial support
- Financing in the form of the issue of multiple contractually linked instruments to investors that create concentrations of credit or other risks (tranches)

The principal uses of structured entities are to provide clients with access to specific portfolios of assets and to provide market liquidity for clients through securitizing financial assets. Structured entities may be established as corporations, trusts or partnerships. Structured entities generally finance the purchase of assets by issuing debt and equity securities that are collateralized by and/or indexed to the assets held by the structured entities.

Structured entities are consolidated when the substance of the relationship between the Group and the structured entities indicates that the structured entities are controlled by the Group.

Below is a description of the Group's investments in non-consolidated structured entities by type.

Third party funding entities

The Group provides funding to structured entities that hold a variety of assets. These entities may take the form of funding entities, trusts and private investment companies. The funding is collateralized by the assets in the structured entities. The Group's investment activity involves predominantly lending.

Securitization vehicles

The Group establishes securitization vehicles which purchase diversified pools of assets, including fixed income securities, company loans, and asset-backed securities (predominantly commercial and residential mortgage-backed securities and credit card receivables). The vehicles fund these purchases by issuing multiple tranches of debt and equity securities, the repayment of which is linked to the performance of the assets contained in the vehicles.

Funds

The Group establishes structured entities to accommodate client requirements to hold investments in specific assets. The Group also invests in funds that are sponsored by third parties. A Group entity may act as fund manager, custodian or in another function and provide funding and liquidity facilities to both Group-sponsored and third-party funds. The funding provided is collateralized by the underlying assets held by the fund.

Maximum exposure to and size of non-consolidated structured entities

The maximum exposure to loss is determined by considering the nature of the interest in the non-consolidated structured entity. The maximum exposure for loans and trading instruments is reflected by their carrying amounts in the statement of financial position. The maximum exposure for derivatives and instruments off the statement of financial position such as guarantees, liquidity facilities and loan commitments under IFRS 12, as interpreted by the Group, is reflected by the respective notional amount. Such amounts do not reflect the economic risks faced by the Group because they do not take the effects of collateral or hedges or the probability of such losses being incurred into account. As at 31 December 2021, the notional values of derivatives and instruments off the statement of financial position amounted to € 0 million (previous year: € 15 million) and € 9 million (previous year: € 34 million) respectively. The reduction in derivatives and instruments off the statement of financial position was primarily caused by Raiffeisen Leasing s.r.o., Prague, and is related to a change in the refinancing structure of the companies involved. Since information on the size of structured entities is not always publicly available, the Group has determined that its exposure is an appropriate guide to the risk of loss from investments in non-consolidated structured entities.

Financial support

As in the previous year, the Group has not provided financial support to non-consolidated structured entities during the financial year.

Sponsored structured entities

As a sponsor, the Group is often involved in the legal set up and marketing of the entity and supports the entity in different ways such as providing operational support to ensure the entity's continued operation. The Group is also deemed a sponsor for a structured entity if market participants would reasonably associate the entity with the Group. Additionally, the use of the Raiffeisen name for the structured entity often indicates that the Group has acted as a sponsor. The gross proceeds from sponsored entities for the year ending 31 December 2021 amounted to € 252 million (previous year: € 208 million). No assets were transferred to sponsored non-consolidated structured entities in the reporting period and the previous year.

(71) List of equity participations

Associated companies valued at equity

Company, domicile (country)	Subscribed capital in local currency		Share	Type[1]
card complete Service Bank AG, Vienna (AT)	6,000,000	EUR	25.0%	BA
EMCOM Beteiligungs GmbH, Vienna (AT)	37,000	EUR	33.6%	FI
LEIPNIK-LUNDENBURGER INVEST Beteiligungs Aktiengesellschaft, Vienna (AT)	32,624,283	EUR	33.1%	OT
Limited Liability Company "Insurance Company "Raiffeisen Life", Moscow (RU)	450,000,000	RUB	25.0%	VV
NOTARTREUHANDBANK AG, Vienna (AT)	8,030,000	EUR	26.0%	FI
Oesterreichische Kontrollbank Aktiengesellschaft, Vienna (AT)	130,000,000	EUR	8.1%	BA
Österreichische Hotel- und Tourismusbank Gesellschaft m.b.H., Vienna (AT)	11,627,653	EUR	31.3%	BA
Posojilnica Bank eGen, Klagenfurt (AT)	75,239,160	EUR	49.2%	BA
Prva stavebna sporitelna a.s., Bratislava (SK)	66,500,000	EUR	32.5%	BA
Raiffeisen Informatik GmbH & Co KG, Vienna (AT)	1,460,000	EUR	47.6%	BR
Raiffeisen-Leasing Management GmbH, Vienna (AT)	300,000	EUR	50.0%	OT
UNIQA Insurance Group AG, Vienna (AT)	309,000,000	EUR	10.9%	VV

1 Company type: BA Bank, BR Company rendering banking-related ancillary services, FH Financial holding, FI Financial institution, OT Other companies, VV Insurance, SC Securities firms

Other affiliated companies

Company, domicile (country)	Subscribed capital in local currency		Share	Type[1]
Abrawiza Immobilienleasing GmbH, Eschborn (DE)	25,000	EUR	100.0%	OT
Abrawiza Immobilienleasing GmbH & Co. Projekt Fernwald KG, Eschborn (DE)	5,000	EUR	6.0%	OT
Abura Immobilienleasing GmbH, Eschborn (DE)	25,000	EUR	100.0%	OT
ACB Ponava, s.r.o., Prague (CZ)	200,000	CZK	100.0%	OT
Achat Immobilienleasing GmbH, Eschborn (DE)	25,000	EUR	100.0%	OT
Acridin Immobilienleasing GmbH, Eschborn (DE)	25,000	EUR	100.0%	OT
Adamas Immobilienleasing GmbH, Eschborn (DE)	25,000	EUR	100.0%	OT
Adiantum Immobilienleasing GmbH, Eschborn (DE)	25,000	EUR	100.0%	OT
Adipes Immobilienleasing GmbH, Eschborn (DE)	25,000	EUR	100.0%	OT
Adipes Immobilienleasing GmbH & Co. Projekt Bremervörde KG, Frankfurt am Main (DE)	5,000	EUR	100.0%	FI
Adorant Immobilienleasing GmbH, Eschborn (DE)	25,000	EUR	100.0%	OT
Adrett Immobilienleasing GmbH, Eschborn (DE)	25,000	EUR	100.0%	OT
Adrittura Immobilienleasing GmbH, Eschborn (DE)	25,000	EUR	100.0%	OT
Adufe Immobilienleasing GmbH, Eschborn (DE)	25,000	EUR	100.0%	OT
Adular Immobilienleasing GmbH, Eschborn (DE)	25,000	EUR	100.0%	OT
Adular Immobilienleasing GmbH & Co. Projekt Rödermark KG, Eschborn (DE)	5,000	EUR	100.0%	FI
Agamemnon Immobilienleasing GmbH, Eschborn (DE)	25,000	EUR	100.0%	OT
AGITO Immobilien-Leasing GesmbH, Vienna (AT)	36,400	EUR	100.0%	FI
Aglaia Property, s.r.o., Prague (CZ)	50,000	CZK	100.0%	OT
Akcenta Logisitic a.s., Prague (CZ)	2,000,000	CZK	100.0%	OT
ALT POHLEDY s.r.o., Prague (CZ)	84,657,000	CZK	100.0%	OT
Ananke Property, s.r.o., Prague (CZ)	50,000	CZK	100.0%	OT
Angaga Handels- und Beteiligungs GmbH, Vienna (AT)	35,000	EUR	100.0%	OT
Antoninska 2 s.r.o., Prague (CZ)	50,000	CZK	90.0%	OT
Apate Property, s.r.o., Prague (CZ)	50,000	CZK	100.0%	OT
Appolon Property, s.r.o., Prague (CZ)	200,000	CZK	100.0%	OT
Ares property, s.r.o., Prague (CZ)	50,000	CZK	100.0%	OT
Argos Property, s.r.o., Prague (CZ)	50,000	CZK	100.0%	OT
Aspius Immobilien Holding International GmbH, Vienna (AT)	35,000	EUR	100.0%	OT
Astra Property, s.r.o., Prague (CZ)	50,000	CZK	100.0%	OT
Ate Property, s.r.o., Prague (CZ)	50,000	CZK	100.0%	OT
AURIGA Raiffeisen-Immobilien-Leasing Gesellschaft m.b.H., Vienna (AT)	36,400	EUR	100.0%	FI
Austria Leasing GmbH & Co. KG Immobilienverwaltung CURA, Eschborn (DE)	10,000	EUR	100.0%	FI
Austria Leasing GmbH & Co. KG Immobilienverwaltung Projekt Eberdingen, Eschborn (DE)	10,000	EUR	100.0%	FI
Austria Leasing Immobilienverwaltungsgesellschaft mbH, Eschborn (DE)	25,000	EUR	100.0%	OT
Beroe Property, s.r.o., Prague (CZ)	50,000	CZK	100.0%	OT
BRL Raiffeisen-Immobilien-Leasing Gesellschaft m.b.H., Vienna (AT)	73,000	EUR	100.0%	OT
Bulevard Centar BBC Holding d.o.o., Belgrade (RS)	127,416	RSD	100.0%	BR
Centrotrade Holding GmbH, Vienna (AT)	200,000	EUR	100.0%	OT
Chronos Property, s.r.o., Prague (CZ)	200,000	CZK	100.0%	OT
CP Linzerstraße 221-227 Projektentwicklungs GmbH, Vienna (AT)	37,000	EUR	100.0%	OT
CP Logistikcenter Errichtungs- und Verwaltungs GmbH, Vienna (AT)	37,000	EUR	100.0%	OT
CP Projekte Muthgasse Entwicklungs GmbH, Vienna (AT)	40,000	EUR	100.0%	OT
Cranto Property, s.r.o., Prague (CZ)	50,000	CZK	90.0%	OT
Credibilis a.s., Prague (CZ)	2,000,000	CZK	100.0%	OT
CURO Raiffeisen-Immobilien-Leasing Gesellschaft m.b.H., Vienna (AT)	36,400	EUR	100.0%	FI
Dafne Property, s.r.o., Prague (CZ)	50,000	CZK	100.0%	OT
DAV-ESTATE Kft., Budapest (HU)	3,010,000	HUF	100.0%	OT
DAV-PROPERTY Kft., Budapest (HU)	3,020,000	HUF	100.0%	OT
Demeter Property, s.r.o., Prague (CZ)	50,000	CZK	100.0%	OT

1 Company type: BA Bank, BR Company rendering banking-related ancillary services, FH Financial holding, FI Financial institution, OT Other companies, VV Insurance, SC Securities firms

Company, domicile (country)	Subscribed capital in local currency		Share	Type[1]
Dero Property, s.r.o., Prague (CZ)	50,000	CZK	100.0%	OT
Dike Property, s.r.o., Prague (CZ)	200,000	CZK	100.0%	OT
Dolni namesti 34, s.r.o., Prague (CZ)	10,000	CZK	90.0%	OT
Dom-office 2000, Minsk (BY)	283,478	BYN	100.0%	OT
Doplnková dôchodková spoločnosť Tatra banky, a.s., Bratislava (SK)	1,659,700	EUR	78.8%	FI
DORISCUS ENTERPRISES LTD., Limassol (CY)	19,843,400	EUR	86.6%	OT
Eos Property, s.r.o., Prague (CZ)	50,000	CZK	100.0%	OT
EPPA Raiffeisen-Immobilien-Leasing GmbH, Vienna (AT)	35,000	EUR	100.0%	FI
Essox d.o.o., Belgrade (RS)	100	RSD	100.0%	OT
Eunomia Property, s.r.o., Prague (CZ)	50,000	CZK	100.0%	OT
Eurolease RE Leasing, s. r. o., Bratislava (SK)	6,125,256	EUR	100.0%	OT
Exit 90 SPV s.r.o., Prague (CZ)	200,000	CZK	100.0%	OT
Expo Forest 1 EOOD, Sofia (BG)	5,000	BGN	100.0%	OT
Expo Forest 2 EOOD, Sofia (BG)	5,000	BGN	100.0%	OT
Expo Forest 3 EOOD, Sofia (BG)	5,000	BGN	100.0%	OT
Expo Forest 4 EOOD, Sofia (BG)	5,000	BGN	100.0%	OT
Extra Year Investments Limited, Tortola (VG)	50,000	USD	100.0%	FI
Fairo GmbH, Vienna (AT)	35,000	EUR	100.0%	BR
FARIO Handels- und Beteiligungsgesellschaft m.b.H., Vienna (AT)	40,000	EUR	100.0%	OT
Fidurock Residential a.s., Prague (CZ)	2,000,000	CZK	90.0%	OT
First Leasing Service Center GmbH, Vienna (AT)	35,000	EUR	100.0%	OT
Fobos Property, s.r.o., Prague (CZ)	50,000	CZK	100.0%	OT
Folos Property, s.r.o., Prague (CZ)	50,000	CZK	100.0%	OT
FVE Cihelna s.r.o., Prague (CZ)	200,000	CZK	100.0%	OT
Gaia Property, s.r.o., Prague (CZ)	200,000	CZK	100.0%	OT
GEONE Holesovice Two s.r.o., Prague (CZ)	1,000	CZK	100.0%	OT
Golden Rainbow International Limited, Tortola (VG)	1	SGD	100.0%	FI
Grainulos s.r.o., Prague (CZ)	1	CZK	100.0%	OT
GRENA REAL s.r.o., Prague (CZ)	89,715	CZK	100.0%	OT
GS55 Sazovice s.r.o., Prague (CZ)	15,558,000	CZK	90.0%	OT
Harmonia Property, s.r.o., Prague (CZ)	50,000	CZK	100.0%	OT
Hebe Property, s.r.o., Prague (CZ)	200,000	CZK	95.0%	OT
Hefaistos Property, s.r.o., Prague (CZ)	50,000	CZK	100.0%	OT
Hestia Property, s.r.o., Prague (CZ)	50,000	CZK	100.0%	OT
Holeckova Property s.r.o., Prague (CZ)	210,000	CZK	100.0%	OT
Humanitarian Fund "Budimir Bosko Kostic", Belgrade (RS)	30,000	RSD	100.0%	OT
Hypnos Property, s.r.o., Prague (CZ)	50,000	CZK	100.0%	OT
IDUS Handels- und Beteiligungs GmbH, Vienna (AT)	40,000	EUR	100.0%	OT
IGNIS Raiffeisen-Immobilien-Leasing Gesellschaft m.b.H., Vienna (AT)	36,400	EUR	100.0%	FI
Immoservice Polska Sp.z.o.o., Warsaw (PL)	50,000	PLN	100.0%	OT
INFRA MI 1 Immobilien Gesellschaft mbH, Vienna (AT)	72,673	EUR	100.0%	OT
Infrastruktur Heilbad Sauerbrunn GmbH, Vienna (AT)	35,000	EUR	100.0%	FI
INPROX Split d.o.o., Zagreb (HR)	100,000	HRK	100.0%	OT
Inprox Zagreb Sesvete d.o.o., Zagreb (HR)	10,236,400	HRK	100.0%	OT
Insurance Limited Liability Company "Priorlife", Minsk (BY)	7,682,300	BYN	100.0%	VV
ISIS Raiffeisen Immobilien Leasing GmbH, Vienna (AT)	36,400	EUR	100.0%	FI
JFD Real s.r.o., Prague (CZ)	50,000	CZK	100.0%	OT
Kaliope Property, s.r.o., Prague (CZ)	50,000	CZK	100.0%	OT
Kalypso Property, s.r.o., Prague (CZ)	200,000	CZK	100.0%	OT
Kappa Estates s.r.o., Prague (CZ)	200,000	CZK	100.0%	OT

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Kathrein & Co Life Settlement Gesellschaft m.b.H., Vienna (AT)	35,000	EUR	100.0%	OT
Kathrein & Co. Trust Holding GmbH, Vienna (AT)	35,000	EUR	100.0%	OT
Kathrein Capital Management GmbH, Vienna (AT)	1,000,000	EUR	100.0%	FI
Kathrein Private Equity GmbH, Vienna (AT)	190,000	EUR	100.0%	OT
Keto Property, s.r.o., Prague (CZ)	50,000	CZK	100.0%	OT
Kleio Property, s.r.o., Prague (CZ)	50,000	CZK	100.0%	OT
Körlog Logistika Építö és Kivitelezö Korlátolt Feleösségü Társaság, Budapest (HU)	11,077	EUR	100.0%	OT
KOTTO Raiffeisen-Immobilien-Leasing GmbH, Vienna (AT)	35,000	EUR	100.0%	OT
LENTIA Immobilienleasing GmbH, Eschborn (DE)	25,000	EUR	100.0%	OT
Leto Property, s.r.o., Prague (CZ)	200,000	CZK	77.0%	OT
LIBRA Raiffeisen-Immobilien-Leasing Gesellschaft m.b.H., Vienna (AT)	36,400	EUR	100.0%	FI
Ligea Property, s.r.o., Prague (CZ)	50,000	CZK	100.0%	OT
Limited Liability Company European Insurance Agency, Moscow (RU)	120,000	RUB	100.0%	OT
Limited Liability Company FAIRO, Kiev (UA)	260,663,297	UAH	100.0%	BR
Limited Liability Company REC GAMMA, Kiev (UA)	49,015,000	UAH	100.0%	BR
LOTA Handels- und Beteiligungs-GmbH, Vienna (AT)	35,000	EUR	100.0%	OT
Lucius Property, s.r.o., Prague (CZ)	200,000	CZK	100.0%	FI
Luna Property, s.r.o., Prague (CZ)	200,000	CZK	100.0%	OT
MAMONT GmbH, Kiev (UA)	66,872,100	UAH	100.0%	OT
Medea Property, s.r.o., Prague (CZ)	50,000	CZK	100.0%	OT
MELIKERTES Raiffeisen-Mobilien-Leasing GmbH, Vienna (AT)	35,000	EUR	100.0%	OT
Melpomene Property, s.r.o., Prague (CZ)	50,000	CZK	100.0%	OT
MOBIX Raiffeisen-Mobilien-Leasing AG in Abwicklung, Vienna (AT)	125,000	EUR	100.0%	OT
Morfeus Property, s.r.o., Prague (CZ)	50,000	CZK	100.0%	OT
MORHUA Handels- und Beteiligungs GmbH, Vienna (AT)	36,336	EUR	100.0%	OT
Nereus Property, s.r.o., Prague (CZ)	50,000	CZK	100.0%	OT
Nußdorf Immobilienverwaltung GmbH, Vienna (AT)	36,336	EUR	100.0%	OT
OBI Eger Ingatlankezelö Korlatolt Felelössegü Tarsasag, Budapest (HU)	3,000,000	HUF	74.9%	FI
OBI Miskolc Ingatlankezelö Korlatolt Felelössegü Tarsasag, Budapest (HU)	3,000,000	HUF	74.9%	FI
OBI Veszprem Ingatlankezelö Korlatolt Felelössegü Tarsasag, Budapest (HU)	3,000,000	HUF	74.9%	FI
Objekt Linser Areal Immobilienerrichtungs GmbH, Vienna (AT)	35,000	EUR	100.0%	OT
Ofion Property, s.r.o., Prague (CZ)	50,000	CZK	100.0%	OT
Onyx Energy Projekt II s.r.o., Prague (CZ)	210,000	CZK	100.0%	OT
Onyx Energy s.r.o., Prague (CZ)	200,000	CZK	100.0%	OT
OOO "Vneshleasing", Moscow (RU)	131,770	RUB	100.0%	FI
OOO Estate Management, Minsk (BY)	15,963,046	BYN	100.0%	OT
Orchideus Property, s.r.o., Prague (CZ)	200,000	CZK	100.0%	OT
Orestes Immobilienleasing GmbH, Eschborn (DE)	25,000	EUR	100.0%	OT
OSTARRICHI Immobilienleasing GmbH, Eschborn (DE)	25,000	EUR	100.0%	OT
Ötödik Vagyonkezelő Kft., Budapest (HU)	9,510,000	HUF	100.0%	OT
Palace Holding s.r.o., Prague (CZ)	2,700,000	CZK	90.0%	OT
PARO Raiffeisen Immobilien Leasing Gesellschaft m.b.H., Vienna (AT)	36,400	EUR	100.0%	FI
Photon Energie s.r.o., Prague (CZ)	200,000	CZK	100.0%	OT
Photon SPV 10 s.r.o., Prague (CZ)	200,000	CZK	100.0%	OT
Photon SPV 3 s.r.o., Prague (CZ)	200,000	CZK	100.0%	OT
Photon SPV 4 s.r.o., Prague (CZ)	200,000	CZK	100.0%	OT
Photon SPV 6 s.r.o., Prague (CZ)	200,000	CZK	100.0%	OT
Photon SPV 8 s.r.o., Prague (CZ)	200,000	CZK	100.0%	OT
PLUSFINANCE LAND S.R.L., Bucharest (RO)	1,000	RON	100.0%	BR
Pontos Property, s.r.o., Prague (CZ)	200,000	CZK	100.0%	OT

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Priamos Immobilienleasing GmbH, Eschborn (DE)	25,000	EUR	100.0%	FI
Pro Invest da Vinci e.o.o.d., Sofia (BG)	5,000	BGN	100.0%	OT
Production unitary enterprise "PriortransAgro", Minsk (BY)	50,000	BYN	100.0%	OT
PROKNE Raiffeisen-Immobilien-Leasing GmbH, Vienna (AT)	35,000	EUR	100.0%	OT
Propria Raiffeisen-Immobilien-Leasing GmbH, Vienna (AT)	35,000	EUR	90.0%	FI
Queens Garden Sp z.o.o., Warsaw (PL)	100,000	PLN	100.0%	OT
R.L.H. Holding GmbH, Vienna (AT)	35,000	EUR	100.0%	FI
Radwinter sp.z o.o., Warsaw (PL)	20,000	PLN	100.0%	OT
RAICONT-APO-1.0 Beteiligung GmbH, Vienna (AT)	35,000	EUR	66.7%	OT
Raiffeisen Asset Management (Bulgaria) EAD, Sofia (BG)	250,000	BGN	100.0%	FI
Raiffeisen Assistance D.O.O., Beograd, Belgrade (RS)	4,307,115	RSD	100.0%	OT
Raiffeisen Assistance doo Sarajevo, Sarajevo (BA)	4,000	BAM	100.0%	OT
Raiffeisen Autó Lízing Kft., Budapest (HU)	3,000,000	HUF	100.0%	OT
Raiffeisen Befektetési Alapkezelõ Zrt., Budapest (HU)	100,000,000	HUF	100.0%	FI
Raiffeisen Biztosításközvetítõ Kft., Budapest (HU)	5,000,000	HUF	100.0%	VV
Raiffeisen Bonus Ltd., Zagreb (HR)	200,000	HRK	100.0%	BR
Raiffeisen Burgenland Leasing GmbH, Vienna (AT)	38,000	EUR	100.0%	FI
Raiffeisen Capital a.d. Banja Luka, Banja Luka (BA)	355,000	BAM	100.0%	FI
Raiffeisen Continuum GmbH & Co KG, Vienna (AT)	65,000	EUR	66.7%	FI
Raiffeisen Continuum Management GmbH, Vienna (AT)	100,000	EUR	100.0%	FI
Raiffeisen Direct Investments CZ, s.r.o., Prague (CZ)	50,000	CZK	100.0%	OT
Raiffeisen Energiaszolgáltató Kft., Budapest (HU)	3,000,000	HUF	100.0%	OT
Raiffeisen Future AD Beograd drustvo za upravljanje dobrovoljnim penzijskim fondom, Belgrade (RS)	143,200,000	RSD	100.0%	FI
Raiffeisen Immobilien Kapitalanlage-Gesellschaft m.b.H., Vienna (AT)	5,000,000	EUR	100.0%	FI
Raiffeisen Ingatlan Üzemeltető Kft., Budapest (HU)	3,000,000	HUF	100.0%	OT
Raiffeisen Insurance and Reinsurance Broker S.R.L, Bucharest (RO)	180,000	RON	100.0%	BR
RAIFFEISEN INSURANCE BROKER EOOD, Sofia (BG)	5,000	BGN	100.0%	BR
Raiffeisen Insurance Broker Kosovo L.L.C., Pristina (KO)	10,000	EUR	100.0%	BR
Raiffeisen International Invest Holding GmbH, Vienna (AT)	35,000	EUR	100.0%	FI
RAIFFEISEN INVEST AD DRUSTVO ZA UPRAVLJANJE INVESTICIONIM FONDOVIMA BEOGRAD, Belgrade (RS)	47,660,000	RSD	100.0%	FI
Raiffeisen Invest d.o.o., Zagreb (HR)	8,000,000	HRK	100.0%	FI
Raiffeisen Invest Drustvo za upravljanje fondovima d.d. Sarajevo, Sarajevo (BA)	671,160	BAM	100.0%	FI
Raiffeisen INVEST Sh.a., Tirana (AL)	90,000,000	ALL	100.0%	FI
Raiffeisen investicni spolecnost a.s., Prague (CZ)	40,000,000	CZK	75.0%	FI
Raiffeisen Investment Advisory GmbH, Vienna (AT)	35,000	EUR	100.0%	FI
Raiffeisen Investment Financial Advisory Services Ltd. Co., Istanbul (TR)	2,930,000	TRY	100.0%	FI
Raiffeisen KitzAlps GmbH, Vienna (AT)	35,000	EUR	100.0%	OT
Raiffeisen Leasing d.o.o., Ljubljana (SI)	3,738,107	EUR	100.0%	FI
Raiffeisen Property Estate s.r.o., Bratislava (SK)	5,000	EUR	100.0%	OT
Raiffeisen Property Management Bulgaria EOOD, Sofia (BG)	80,000	BGN	100.0%	OT
Raiffeisen Salzburg Invest GmbH, Salzburg (AT)	500,000	EUR	100.0%	FI
RAIFFEISEN SERVICE EOOD, Sofia (BG)	4,220,000	BGL	100.0%	BR
Raiffeisen Windpark Zistersdorf GmbH, Vienna (AT)	37,000	EUR	100.0%	OT
Raiffeisen WohnBau Zwei GmbH, Vienna (AT)	35,000	EUR	100.0%	FI
Raiffeisen Wohnbauleasing Gesellschaft m.b.H., Vienna (AT)	36,400	EUR	100.0%	FI
Raiffeisen-Leasing Anlagen und KFZ Vermietungs GmbH, Vienna (AT)	35,000	EUR	53.1%	FI
Raiffeisen-Leasing Immobilienverwaltung Gesellschaft m.b.H., Vienna (AT)	36,400	EUR	100.0%	FI
Raiffeisen-Leasing Wärmeversorgungsanlagenbetriebs GmbH, Vienna (AT)	35,000	EUR	100.0%	OT
Raiffeisen-Wohnbauleasing Österreich GmbH, Vienna (AT)	35,000	EUR	100.0%	FI
RAN elf Raiffeisen-Anlagenvermietung Gesellschaft m.b.H., Vienna (AT)	36,336	EUR	100.0%	FI

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Company, domicile (country)	Subscribed capital in local currency		Share	Type[1]
RB International Investment Asia Limited, Labuan (MY)	1	USD	100.0%	OT
RB Szolgáltató Központ Kft. - RBSC Kft., Nyíregyháza (HU)	3,000,000	HUF	100.0%	OT
RBI Kantinenbetriebs GmbH, Vienna (AT)	35,000	EUR	100.0%	OT
RBI PE Handels- und Beteiligungs GmbH, Vienna (AT)	150,000	EUR	100.0%	FI
RBI Real Estate Services Czechia s.r.o., Prague (CZ)	100,000	CZK	100.0%	FI
RBI Real Estate Services Polska SP.z.o.o., Warsaw (PL)	400,000	PLN	100.0%	FI
RBI Retail Innovation GmbH, Vienna (AT)	35,000	EUR	100.0%	BR
RBI Vajnoria spol.s.r.o., Bratislava (SK)	5,000	EUR	100.0%	FI
RBM Wohnbau Ges.m.b.H., Vienna (AT)	37,000	EUR	100.0%	OT
RCR Ukraine LLC, Kiev (UA)	282,699	UAH	100.0%	BR
RDI Czech 1 s.r.o., Prague (CZ)	200,000	CZK	100.0%	OT
RDI Czech 3 s.r.o, Prague (CZ)	200,000	CZK	100.0%	OT
RDI Czech 4 s.r.o, Prague (CZ)	2,500,000	CZK	100.0%	OT
RDI Czech 5 s.r.o, Prague (CZ)	200,000	CZK	100.0%	OT
RDI Czech 6 s.r.o, Prague (CZ)	3,700,000	CZK	100.0%	OT
RDI Management s.r.o., Prague (CZ)	200,000	CZK	100.0%	OT
Real Estate Rent 4 DOO, Belgrade (RS)	40,310	RSD	100.0%	OT
REF HP 1 s.r.o., Prague (CZ)	200,000	CZK	100.0%	OT
Rent GRJ, s.r.o., Bratislava (SK)	6,639	EUR	100.0%	OT
Rent PO, s.r.o., Bratislava (SK)	6,639	EUR	100.0%	FI
Residence Park Trebes, s.r.o., Prague (CZ)	20,000,000	CZK	100.0%	OT
RIL XIII Raiffeisen-Immobilien-Leasing Gesellschaft m.b.H., Vienna (AT)	36,400	EUR	100.0%	FI
R-Insurance Services sp. z o.o., Ruda O.S. (PL)	5,000	PLN	100.0%	OT
RIRBRO ESTATE MANAGEMENT S.R.L., Bucharest (RO)	1,000	RON	100.0%	BR
RK 60 Kft, Budapest (HU)	3,000,000	HUF	100.0%	OT
RL-Delta Holding GmbH, Vienna (AT)	35,000	EUR	100.0%	OT
RL Jankomir d.o.o., Zagreb (HR)	20,000	HRK	100.0%	OT
RL Leasing Gesellschaft m.b.H., Eschborn (DE)	25,565	EUR	100.0%	FI
RL-BETA Holding GmbH, Vienna (AT)	35,000	EUR	100.0%	OT
RL-Epsilon Holding GmbH, Vienna (AT)	35,000	EUR	100.0%	FI
RL-ETA d.o.o., Zagreb (HR)	20,000	HRK	100.0%	OT
RL-ETA Holding GmbH, Vienna (AT)	35,000	EUR	100.0%	OT
RL-FONTUS Holding GmbH, Vienna (AT)	35,000	EUR	100.0%	OT
RL-Fontus Sp.z.o.o., Warsaw (PL)	50,000	PLN	100.0%	OT
RL-Gamma Holding GmbH, Vienna (AT)	35,000	EUR	100.0%	FI
RL-Jota Holding GmbH, Vienna (AT)	35,000	EUR	100.0%	FI
RL-Lamda s.r.o., Bratislava (SK)	6,639	EUR	100.0%	FI
RL-Opis Holding GmbH, Vienna (AT)	35,000	EUR	100.0%	OT
RL-OPIS SPOLKA Z OGRANICZONA ODPOWIEDZIALNOSCIA, Warsaw (PL)	50,000	PLN	100.0%	OT
RL-Prom-Wald Sp. Z.o.o, Warsaw (PL)	50,000	PLN	100.0%	OT
RLRE Carina Property, s.r.o., Prague (CZ)	200,000	CZK	100.0%	OT
RLRE Eta Property, s.r.o., Prague (CZ)	200,000	CZK	100.0%	OT
RLRE Ypsilon Property, s.r.o., Prague (CZ)	200,000	CZK	100.0%	OT
Robert Károly Körút Irodaház Kft., Budapest (HU)	3,000,000	HUF	100.0%	OT
Rogofield Property Limited, Nicosia (CY)	2,174	USD	100.0%	OT
RPM Budapest KFT, Budapest (HU)	3,000,000	HUF	100.0%	OT
SASSK Ltd., Kiev (UA)	152,322,000	UAH	88.7%	OT
Sazavska 826 s.r.o., Prague (CZ)	50,000	CZK	100.0%	OT
SCT Kárász utca Ingatlankezelő Kft., Budapest (HU)	3,000,000	HUF	100.0%	OT
SCTE Elsö Ingatlanfejlesztö és Ingatlanhasznosító Kft., Budapest (HU)	3,000,000	HUF	100.0%	BR

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SeEnergy PT, s.r.o., Prague (CZ)	700,000	CZK	100.0%	OT
Selene Property, s.r.o., Prague (CZ)	200,000	CZK	100.0%	OT
SF Hotelerrichtungsgesellschaft m.b.H., Vienna (AT)	36,336	EUR	100.0%	FI
Sirius Property, s.r.o., Prague (CZ)	200,000	CZK	100.0%	OT
Sky Solar Distribuce s.r.o., Prague (CZ)	200,000	CZK	77.0%	OT
SOLIDA Raiffeisen-Immobilien-Leasing Gesellschaft m.b.H., Vienna (AT)	36,400	EUR	50.5%	FI
St. Marx-Immobilien Verwertungs- und Verwaltungs GmbH, Vienna (AT)	36,336	EUR	100.0%	OT
Stara 19 s.r.o., Prague (CZ)	200,000	CZK	90.0%	OT
STYRIA Immobilienleasing GmbH, Eschborn (DE)	25,000	EUR	100.0%	OT
Styria Immobilienleasing GmbH & Co. Projekt Ahlen KG, Eschborn (DE)	5,000	EUR	6.0%	FI
Szentkiraly utca 18 Kft., Budapest (HU)	5,000,000	HUF	100.0%	OT
Tatra Residence, a.s., Bratislava (SK)	21,420,423	EUR	100.0%	BR
Thaumas Property, s.r.o., Prague (CZ)	50,000	CZK	100.0%	OT
Theia Property, s.r.o., Prague (CZ)	50,000	CZK	100.0%	OT
THYMO Raiffeisen-Leasing Gesellschaft m.b.H., Vienna (AT)	36,336	EUR	100.0%	FI
UPC Real, s.r.o., Prague (CZ)	200,000	CZK	100.0%	OT
Valida Consulting GmbH, Vienna (AT)	500,000	EUR	100.0%	OT
Veletrzni 42 s.r.o., Prague (CZ)	100,000	CZK	90.0%	OT
VINDOBONA Immobilienleasing GmbH, Eschborn (DE)	25,000	EUR	100.0%	OT
Vlhka 26 s.r.o., Prague (CZ)	200,000	CZK	90.0%	OT
Zahradnicka Property s.r.o., Bratislava (SK)	5,000	EUR	100.0%	OT
Zefyros Property, s.r.o., Prague (CZ)	200,000	CZK	100.0%	OT
ZRB 17 Errichtungs GmbH, Vienna (AT)	35,000	EUR	100.0%	OT
ZUNO GmbH, Vienna (AT)	35,000	EUR	100.0%	OT

1 Company type: BA Bank, BR Company rendering banking-related ancillary services, FH Financial holding, FI Financial institution, OT Other companies, VV Insurance, SC Securities firms

Other equity participations

Company, domicile (country)	Subscribed capital in local currency		Share	Type[1]
360kompany AG, Vienna (AT)	112,883	EUR	6.6%	FI
Accession Mezzanine Capital III L.P., St. Helier (JE)	1,501	EUR	3.3%	OT
Adoria Grundstückvermietungs Gesellschaft m.b.H., St. Pölten (AT)	36,360	EUR	24.5%	FI
Agricultural Open Joint Stock Company Illintsi Livestock Breeding Enterprise, Illinci (UA)	703,100	UAH	4.7%	OT
AIL Swiss-Austria Leasing AG, Glattbrugg (CH)	5,000,000	CHF	50.0%	FI
ALCS Association of Leasing Companies in Serbia, Belgrade (RS)	853,710	RSD	12.5%	OT
ALMC hf., Reykjavik (IS)	50,578	ISK	10.8%	OT
Analytical Credit Rating Agency (Joint Stock Company), Moscow (RU)	3,000,024,000	RUB	3.7%	OT
A-Trust Gesellschaft für Sicherheitssysteme im elektronischen Datenverkehr GmbH, Vienna (AT)	5,290,013	EUR	12.1%	OT
Austrian Reporting Services GmbH, Vienna (AT)	41,176	EUR	15.0%	BR
Aventin Grundstücksverwaltungs Gesellschaft m.b.H., St. Pölten (AT)	36,400	EUR	24.5%	FI
AVION-Grundverwertungsgesellschaft m.b.H., Vienna (AT)	36,336	EUR	49.0%	FI
Bad Sauerbrunn Thermalwasser Nutzungs- und Verwertungs GmbH., Bad Sauerbrunn (AT)	36,336	EUR	50.0%	OT
Belarussian currency and stock exchange JSC, Minsk (BY)	14,328,656	BYN	<0.1%	OT
Biroul de Credit S.A., Bucharest (RO)	4,114,615	RON	13.2%	FI
BTS Holding a.s. "v likvidácii", Bratislava (SK)	35,700	EUR	19.0%	OT
Budapest Stock Exchange, Budapest (HU)	541,348,100	HUF	<0.1%	SC
Burza cennych papierov v. Bratislave, a.s., Bratislava (SK)	11,404,927,296	EUR	0.1%	OT
CADO Raiffeisen-Immobilien-Leasing Ges.m.b.H., Vienna (AT)	36,400	EUR	50.0%	FI
Central Depository and Clearing Company, Inc., Zagreb (HR)	94,525,000	HRK	0.1%	FI
CIT ONE SA, Bucharest (RO)	21,270,270	RON	33.3%	BR
Commodity Exchange Crimean Interbank Currency Exchange, Simferopol (UA)	420,000	UAH	4.8%	OT
CONATUS Grundstückvermietungs Gesellschaft m.b.H., St. Pölten (AT)	36,360	EUR	24.5%	FI
CULINA Grundstückvermietungs Gesellschaft m.b.H., St. Pölten (AT)	36,360	EUR	25.0%	FI
D. Trust Certifikacná Autorita, a.s., Bratislava (SK)	331,939	EUR	10.0%	OT
Die Niederösterreichische Leasing Gesellschaft m.b.H., Vienna (AT)	36,400	EUR	35.0%	OT
Die Niederösterreichische Leasing GmbH & Co KG, Vienna (AT)	72,673	EUR	40.0%	FI
Einlagensicherung AUSTRIA Ges.m.b.H., Vienna (AT)	515,000	EUR	0.2%	FI
Einlagensicherung der Banken und Bankiers Gesellschaft m.b.H. in Liqu., Vienna (AT)	70,000	EUR	0.1%	BR
EMERGING EUROPE GROWTH FUND II, L.P., Delaware (US)	370,000,000	USD	1.9%	OT
Epsilon - Grundverwertungsgesellschaft m.b.H., Vienna (AT)	36,336	EUR	24.0%	FI
ESP BH doo, Sarajevo (BA)	8,500,000	BAM	45.0%	OT
ESQUILIN Grundstücksverwaltungs Gesellschaft m.b.H., St. Pölten (AT)	36,336	EUR	24.5%	FI
Euro Banking Association (ABE Clearing S.A.S.), Paris (FR)	51,000	EUR	2.0%	FI
European Investment Fund S.A., Luxembourg (LU)	7,370,000,000	EUR	0.1%	FI
Export and Industry Bank Inc., Makati City (PH)	4,734,452,540	PHP	9.5%	BA
FACILITAS Grundstücksvermietungs Gesellschaft m.b.H., St. Pölten (AT)	36,360	EUR	50.0%	FI
Fintech Growth Fund Europe GmbH & Co KG, Vienna (AT)	352,500	EUR	42.6%	FI
Fondul de Garantare a Creditului Rural S.A., Bucharest (RO)	15,940,890	RON	33.3%	FI
FORIS Grundstückvermietungs Gesellschaft m.b.H., St. Pölten (AT)	36,360	EUR	24.5%	FI
G + R Leasing Gesellschaft m.b.H., Graz (AT)	36,400	EUR	25.0%	OT
G + R Leasing Gesellschaft m.b.H. & Co. KG., Graz (AT)	72,673	EUR	50.0%	FI
Garantiqa Hitelgarancia ZRt., Budapest (HU)	7,839,600,000	HUF	0.2%	BR
Greenix Limited, Tortola (VG)	100,000	USD	25.0%	OT
HOBEX AG, Salzburg (AT)	1,000,000	EUR	8.5%	FI
Hrvatski registar obveza po kreditima d.o.o., Zagreb (HR)	13,500,000	HRK	10.5%	BR
Joint Stock Company Stock Exchange PFTS, Kiev (UA)	32,010,000	UAH	0.2%	OT
Kommunal-Infrastruktur & Immobilien Zeltweg GmbH, Zeltweg (AT)	35,000	EUR	20.0%	OT
LITUS Grundstückvermietungs Gesellschaft m.b.H., St. Pölten (AT)	36,360	EUR	24.5%	FI
Lorit Kommunalgebäudeleasing Gesellschaft m.b.H., Vienna (AT)	42,000	EUR	8.3%	FI

1 Company type: BA Bank, BR Company rendering banking-related ancillary services, FH Financial holding, FI Financial institution, OT Other companies, VV Insurance, SC Securities firms

Company, domicile (country)	Subscribed capital in local currency		Share	Type[1]
MASTERINVEST Kapitalanlage GmbH, Vienna (AT)	2,500,000	EUR	37.5%	FI
Medicur - Holding Gesellschaft m.b.H., Vienna (AT)	4,360,500	EUR	25.0%	OT
MIRA Raiffeisen-Immobilien-Leasing Gesellschaft m.b.H., Vienna (AT)	36,400	EUR	50.0%	FI
N.Ö. Kommunalgebäudeleasing Gesellschaft m.b.H. in Liqu., Vienna (AT)	37,400	EUR	33.3%	FI
National Settlement Depositary, Moscow (RU)	1,180,675,000	RUB	<0.1%	FI
NÖ Raiffeisen Kommunalprojekte Service Gesellschaft m.b.H., Vienna (AT)	50,000	EUR	26.0%	FI
NÖ Raiffeisen-Leasing Gemeindeprojekte Gesellschaft m.b.H., Vienna (AT)	36,400	EUR	1.0%	FI
NÖ. HYPO Leasing und Raiffeisen-Immobilien-Leasing Traisenhaus GesmbH & Co OG, St. Pölten (AT)	24,868,540	ATS	50.0%	FI
NÖ-KL Kommunalgebäudeleasing Gesellschaft m.b.H., Vienna (AT)	37,400	EUR	33.3%	FI
Oberpinzg. Fremdenverkehrförderungs- und Bergbahnen AG, Neukirchen am Großvenediger (AT)	3,297,530	EUR	<0.1%	OT
OJSC NBFI Single Settlement and Information Space, Minsk (BY)	474,917,123,425	BYN	4.2%	FI
Open Joint Stock Company Kyiv Special Project and Design Bureau Menas, Kiev (UA)	3,383,218	UAH	4.7%	OT
Österreichische Raiffeisen-Sicherungseinrichtung eGen, Vienna (AT)	125,200	EUR	8.5%	FI
Österreichische Wertpapierdaten Service GmbH, Vienna (AT)	100,000	EUR	25.3%	BR
OT-Optima Telekom d.d., Zagreb (HR)	694,432,640	HRK	2.4%	OT
Pannon Lúd Kft, Mezokovácsháza (HU)	852,750,000	HUF	0.6%	OT
Pisano Limited, London (GB)	48,545	GBP	15.5%	OT
Private Joint Stock Company Bird Farm Bershadskyi, Viytivka (UA)	6,691,141	UAH	0.5%	OT
Private Joint Stock Company First All-Ukrainian Credit Bureau, Kiev (UA)	11,750,000	UAH	5.1%	OT
Private Joint Stock Company Sumy Enterprise Agrotechservice, Sumy (UA)	1,545,000	UAH	0.6%	OT
Private Joint Stock Company Ukrainian Interbank Currency Exchange, Kiev (UA)	36,000,000	UAH	3.1%	OT
PSA Payment Services Austria GmbH, Vienna (AT)	285,000	EUR	11.2%	FI
Public Joint Stock Company National Depositary of Ukraine, Kiev (UA)	103,200,000	UAH	0.1%	FI
Public Joint Stock Company Settlement Center for Servicing of Contracts in Financial Markets, Kiev (UA)	206,700,000	UAH	<0.1%	OT
QUIRINAL Grundstücksverwaltungs Gesellschaft m.b.H., Vienna (AT)	37,063	EUR	33.3%	FI
Raiffeisen Continuum GmbH, Vienna (AT)	100,000	EUR	14.3%	FI
Raiffeisen Digital GmbH, Vienna (AT)	75,000	EUR	1.2%	BR
Raiffeisen e-force GmbH, Vienna (AT)	145,346	EUR	28.2%	BR
Raiffeisen Informatik Geschäftsführungs GmbH, Vienna (AT)	70,000	EUR	47.6%	OT
Raiffeisen Kooperations eGen, Vienna (AT)	9,000,000	EUR	11.1%	OT
Raiffeisen Salzburg Leasing GmbH, Salzburg (AT)	35,000	EUR	19.0%	FI
Raiffeisen Software GmbH, Linz (AT)	150,000	EUR	1.2%	BR
Raiffeisen-IMPULS-Liegenschaftsverwaltung Gesellschaft m.b.H., Linz (AT)	500,000	ATS	25.0%	FI
Raiffeisen-Impuls-Zeta Immobilien GmbH, Linz (AT)	58,333	EUR	40.0%	FI
Raiffeisen-Leasing BOT s.r.o., Prague (CZ)	100,000	CZK	20.0%	OT
Raiffeisen-Leasing Mobilien und KFZ GmbH, Vienna (AT)	35,000	EUR	15.0%	FI
RC Gazdasági és Adótanácsadó Zrt., Budapest (HU)	20,000,000	HUF	22.2%	OT
Registry of Securities in FBH, Sarajevo (BA)	2,052,300	BAM	1.4%	FI
Rehazentrum Kitzbühel Immobilien-Leasing GmbH, Innsbruck (AT)	35,000	EUR	19.0%	FI
REMUS Raiffeisen-Immobilien-Leasing Gesellschaft m.b.H., Vienna (AT)	36,400	EUR	50.0%	FI
RLKG Raiffeisen-Leasing GmbH, Vienna (AT)	40,000	EUR	12.5%	FI
RSAL Raiffeisen Steiermark Anlagenleasing GmbH, Graz (AT)	38,000	EUR	19.0%	FI
RSC Raiffeisen Service Center GmbH, Vienna (AT)	2,000,000	EUR	50.3%	BR
RSIL Immobilienleasing Raiffeisen Steiermark GmbH, Graz (AT)	38,000	EUR	19.0%	FI
S.C. DEPOZITARUL CENTRAL S.A., Bucharest (RO)	25,291,953	RON	2.6%	OT
Sarajevska berza-burza vrijednosnih papira dd Sarajevo, Sarajevo (BA)	1,967,680	BAM	10.5%	FI
Seilbahnleasing GmbH, Innsbruck (AT)	36,000	EUR	33.3%	FI
SELENE Raiffeisen-Immobilien-Leasing Gesellschaft m.b.H., Innsbruck (AT)	36,400	EUR	1.0%	OT
SKR Lager 102 AB, Stockholm (SE)	100,000	SEK	49.0%	OT
Slovak Banking Credit Bureau, s.r.o., Bratislava (SK)	9,958	EUR	33.3%	BR

1 Company type: BA Bank, BR Company rendering banking-related ancillary services, FH Financial holding, FI Financial institution, OT Other companies, VV Insurance, SC Securities firms

Company, domicile (country)	Subscribed capital in local currency		Share	Type[1]
Societatea de Transfer de Fonduri si Decontari-TRANSFOND S.A, Bucharest (RO)	6,720,000	RON	3.4%	FI
Society for Worldwide Interbank Financial Telekommunication scrl, La Hulpe (BE)	13,713,125	EUR	0.4%	FI
Speedinvest Co-Invest AC GmbH & Co KG, Vienna (AT)	365,045	EUR	80.0%	FI
SPICA Raiffeisen-Immobilien-Leasing Gesellschaft m.b.H., Vienna (AT)	36,400	EUR	50.0%	FI
Steirische Gemeindegebäude Leasing Gesellschaft m.b.H., Vienna (AT)	36,336	EUR	50.0%	FI
Steirische Kommunalgebäudeleasing Gesellschaft m.b.H., Vienna (AT)	36,336	EUR	50.0%	FI
Steirische Leasing für Gebietskörperschaften Ges.m.b.H., Vienna (AT)	36,336	EUR	50.0%	FI
Steirische Leasing für öffentliche Bauten Gesellschaft m.b.H., Vienna (AT)	36,336	EUR	50.0%	FI
SWO Kommunalgebäudeleasing Gesellschaft m.b.H., Vienna (AT)	36,336	EUR	50.0%	FI
Syrena Immobilien Holding AG, Spittal an der Drau (AT)	22,600,370	EUR	21.0%	OT
Tarfin Limited, London (GB)	13,959,142	GBP	5.3%	OT
The Zagreb Stock Exchange joint stock company, Zagreb (HR)	46,357,000	HRK	2.9%	OT
TKL II. Grundverwertungsgesellschaft m.b.H., Vienna (AT)	39,000	EUR	8.3%	FI
TKL V Grundverwertungsgesellschaft m.b.H., Innsbruck (AT)	39,000	EUR	33.3%	FI
TKL VI Grundverwertungsgesellschaft m.b.H., Innsbruck (AT)	39,000	EUR	33.3%	FI
TKL VII Grundverwertungsgesellschaft m.b.H., Innsbruck (AT)	39,000	EUR	33.3%	FI
TKL VIII Grundverwertungsgesellschaft m.b.H., Innsbruck (AT)	39,000	EUR	24.5%	FI
Tojon Beteiligungs GmbH, Vienna (AT)	70,000	EUR	25.0%	OT
Top Vorsorge-Management GmbH, Vienna (AT)	35,000	EUR	25.0%	OT
TRABITUS Grundstücksvermietungs Gesellschaft m.b.H., Vienna (AT)	36,360	EUR	25.0%	FI
UNDA Grundstücksvermietungs Gesellschaft m.b.H., St. Pölten (AT)	36,360	EUR	25.0%	FI
UNIQA Raiffeisen Software Service Kft., Budapest (HU)	19,900,000	HUF	1.0%	OT
VALET-Grundstücksverwaltungs Gesellschaft m.b.H., St. Pölten (AT)	36,360	EUR	24.5%	FI
VERMREAL Liegenschaftserwerbs- und -betriebs GmbH, Vienna (AT)	36,336	EUR	17.0%	OT
Visa Inc., San Francisco (US)	192,964	USD	<0.1%	BR
Vorarlberger Kommunalgebäudeleasing Gesellschaft m.b.H., Dornbirn (AT)	42,000	EUR	33.3%	FI
W 3 Errichtungs- und Betriebs-Aktiengesellschaft, Vienna (AT)	800,000	EUR	20.0%	OT
Wiener Börse Aktiengesellschaft, Vienna (AT)	18,620,720	EUR	7.0%	OT
Zhytomyr Commodity Agroindustrial Exchange, Zhitomir (UA)	476,515	UAH	3.1%	OT
Ziloti Holding S.A., Luxembourg (LU)	48,963	EUR	0.9%	OT

1 Company type: BA Bank, BR Company rendering banking-related ancillary services, FH Financial holding, FI Financial institution, OT Other companies, VV Insurance, SC Securities firms

Regulatory information

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

Based on an annually undertaken Supervisory Review and Evaluation Process (SREP), the ECB currently instructs RBI by way of an official notification to hold additional capital to cover risks which are not or not adequately covered under Pillar I.

The so-called Pillar 2 requirement is calculated based on the bank's business model, risk management or capital situation, for example. The most recent official notification from the ECB specifies that the Pillar 2 requirement must be adhered to at the level of RBI (consolidated) and the level of RBI AG (unconsolidated). In addition, RBI is subject to the minimum requirements of the CRR and the combined buffer requirement. The combined buffer requirement for RBI currently contains a capital conservation buffer, a systemic risk buffer and a countercyclical buffer. As at 31 December 2021, the CET1 ratio (including the combined buffer requirement) is 10.43 per cent for RBI. A breach of the combined buffer requirement would induce measures such as constraints on dividend payments and coupon payments on certain capital instruments. The capital requirements applicable during the year were complied with, including an adequate buffer, on both a consolidated and individual basis.

As a rule, national supervisors are authorized to impose systemic risk buffers (up to 5 per cent) as well as additional capital add-ons for systemic banks (up to 3.5 per cent). In the event that systemic risk buffers as well as add-ons for systemic banks are imposed on a particular institution, only the higher of the two values is applicable. In September 2015, the Financial Market Stability Board (FMSB) of the FMA recommended a systemic risk buffer (SRB) for certain banks, including RBI. This came into force as of the beginning of 2016 through the FMA via the Capital Buffer Regulation (including subsequent amendments). The SRB for RBI was set at 0.25 per cent in 2016, was raised to 0.50 per cent as of 1 January 2017, and has increased progressively to 2 per cent until 2019.

The establishment of a countercyclical buffer is also the responsibility of the national supervisors and results in a weighted average at the level of RBI in order to curb excessive lending growth. This buffer was set at 0 per cent in Austria for the present time due to restrained lending growth. The buffer rates defined in other member states apply at the level of RBI (based on a weighted calculation of averages). Further expected regulatory changes and developments are monitored, included and analyzed in scenario calculations undertaken by Group Regulatory Affairs on an ongoing basis. Potential effects are considered in planning and governance, insofar as the extent and implementation are foreseeable.

In the context of the COVID-19 pandemic, both the ECB and the EBA enacted regulatory relief measures to enable banks supervised by the ECB to continue to play their central role in providing financing to households and businesses. The ECB will explicitly allow banks under its supervision to operate below the levels defined by the Pillar 2 guidance, the capital conservation buffer and the liquidity coverage ratio (LCR). The ECB is of the opinion that these measures should be supported by an appropriate relaxation of the countercyclical capital buffer by the national supervisory authorities.

Total capital

The following consolidated figures have been calculated in accordance with the provisions of the Capital Requirements Regulation (CRR) and other statutory provisions such as the Implementing Technical Standards (ITS) of the European Banking Authority (EBA).

in € million	2021	2020
Capital instruments and the related share premium accounts	5,994	5,974
Retained earnings	8,835	8,766
Accumulated other comprehensive income (and other reserves)	(3,673)	(3,788)
Minority interests (amount allowed in consolidated CET1)	524	421
Independently reviewed interim profits net of any foreseeable charge or dividend	933	0
Common equity tier 1 (CET1) capital before regulatory adjustments	**12,613**	**11,374**
Additional value adjustments (negative amount)	(81)	(58)
Deductions for new net provisioning	0	0
Intangible assets (net of related tax liability) (negative amount)	(674)	(585)
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability where the conditions in Article 38 (3) are met) (negative amount)	(39)	(13)
Fair value reserves related to gains or losses on cash flow hedges	24	0
Gains or losses on liabilities valued at fair value resulting from changes in own credit standing	55	54
Direct and indirect holdings by an institution of own CET1 instruments (negative amount)	(20)	0
Exposure amount of the following items which qualify for a risk weight of 1250%, where the institution opts for the deduction alternative	(45)	(11)
hereof: securitization positions (negative amount)	(45)	(11)
Other regulatory adjustments	(22)	0
Total regulatory adjustments to common equity tier 1 (CET1)	**(801)**	**(612)**
Common equity tier 1 (CET1) capital	**11,812**	**10,762**
Capital instruments and the related share premium accounts	1,669	0
Amount of qualifying items referred to in Article 484 (4) and the related share premium accounts subject to phase out from AT1	0	88
Qualifying tier 1 capital included in consolidated AT1 capital (including minority interests not included in row 5) issued by subsidiaries and held by third parties	28	1,639
Total regulatory adjustments to Additional Tier 1 (AT1) capital	**(50)**	**0**
Additional tier 1 (AT1) capital	**1,647**	**1,727**
Tier 1 capital (T1 = CET1 + AT1)	**13,460**	**12,489**
Capital instruments and the related share premium accounts	2,085	1,818
Qualifying own funds instruments included in consolidated T2 capital (including minority interests and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties	31	29
Credit risk adjustments	286	254
Total regulatory adjustments to Tier 2 (T2) capital	**(55)**	**0**
Tier 2 (T2) capital	**2,347**	**2,101**
Total capital (TC = T1 + T2)	**15,807**	**14,590**
Total risk-weighted assets (RWA)	**89,927**	**78,864**

Total capital requirement and risk-weighted assets

in € million	2021		2020	
	Risk-weighted exposure	Capital requirement	Risk-weighted exposure	Capital requirement
Total risk-weighted assets (RWA)	**89,927**	**7,194**	**78,864**	**6,309**
Risk-weighted exposure amounts for credit, counterparty credit and dilution risks and free deliveries	**74,030**	**5,922**	**65,094**	**5,208**
Standardized approach (SA)	**26,307**	**2,105**	**22,570**	**1,806**
Exposure classes excluding securitization positions	26,307	2,105	22,570	1,806
Central governments or central banks	1,113	89	1,255	100
Regional governments or local authorities	101	8	103	8
Public sector entities	18	1	45	4
Institutions	259	21	274	22
Corporates	6,680	534	4,845	388
Retail	5,954	476	4,908	393
Secured by mortgages on immovable property	6,886	551	6,178	494
Exposure in default	296	24	364	29
Items associated with particular high risk	264	21	145	12
Covered bonds	6	0	11	1
Collective investments undertakings (CIU)	79	6	19	1
Equity	1,883	151	1,804	144
Other items	2,768	221	2,620	210
Internal ratings based approach (IRB)	**47,723**	**3,818**	**42,524**	**3,402**
IRB approaches when neither own estimates of LGD nor conversion factors are used	**39,076**	**3,126**	**34,923**	**2,794**
Central governments or central banks	2,753	220	1,827	146
Institutions	1,724	138	2,092	167
Corporates - SME	4,098	328	3,753	300
Corporates - Specialized lending	3,407	273	3,063	245
Corporates - Other	27,094	2,168	24,189	1,935
IRB approaches when own estimates of LGD and/or conversion factors are used	**7,903**	**632**	**6,916**	**553**
Retail - Secured by real estate SME	233	19	196	16
Retail - Secured by real estate non-SME	3,368	269	2,781	222
Retail - Qualifying revolving	299	24	280	22
Retail - Other SME	430	34	517	41
Retail - Other non-SME	3,574	286	3,143	251
Equity	439	35	439	35
Simple risk weight approach	0	0	0	0
Other equity exposure	0	0	0	0
PD/LGD approach	0	0	0	0
Other non-credit obligation assets	304	24	247	20

in € million	2021		2020	
	Risk-weighted exposure	Capital requirement	Risk-weighted exposure	Capital requirement
Total risk exposure amount for settlement/delivery	**7**	**1**	**0**	**0**
Settlement/delivery risk in the non-trading book	0	0	0	0
Settlement/delivery risk in the trading book	7	1	0	0
Total risk exposure amount for position, foreign exchange and commodities risk	**4,952**	**396**	**5,007**	**401**
Risk exposure amount for position, foreign exchange and commodities risks under standardized approaches (SA)	**2,383**	**191**	**2,378**	**190**
Traded debt instruments	1,846	148	1,935	155
Equity	221	18	166	13
Particular approach for position risk in CIUs	1	0	1	0
Memo item: CIUs exclusively invested in traded debt instruments	0	0	0	0
Memo item: CIUs invested exclusively in equity instruments or in mixed instruments	1	0	1	0
Foreign exchange	311	25	268	21
Commodities	5	0	8	1
Risk exposure amount for position, foreign exchange and commodities risks under internal models (IM)	**2,569**	**206**	**2,629**	**210**
Total risk exposure amount for operational risk	**9,415**	**753**	**7,548**	**604**
OpR standardized (STA) /alternative standardized (ASA) approaches	3,737	299	3,439	275
OpR advanced measurement approaches (AMA)	5,678	454	4,109	329
Total risk exposure amount for credit valuation adjustments	**256**	**21**	**260**	**21**
Standardized method	256	21	260	21
Other risk exposure amounts	**1,268**	**101**	**954**	**76**
of which risk-weighted exposure amounts for credit risk: securitization positions (revised securitization framework)	1,268	101	954	76

Capital ratios[1]

in per cent	2021	2020
Common equity tier 1 ratio	13.1%	13.6%
Tier 1 ratio	15.0%	15.7%
Total capital ratio	17.6%	18.4%

1 Fully loaded

Leverage ratio

The leverage ratio is defined in Part 7 of the CRR. As of 31 December 2021, there is a mandatory quantitative requirement of 3 per cent:

in € million	2021	2020
Leverage exposure	219,173	193,910
Tier 1	13,460	12,489
Leverage ratio in per cent[1]	**6.1%**	**6.4%**

1 Fully loaded

Overview of the calculation methods that are applied to determine total capital requirements in the subsidiaries:

	Credit risk		Market risk	Operational risk
Unit	Non-Retail	Retail		
Raiffeisen Bank International AG, Vienna (AT)	IRB	STA	Internal model, STA	AMA
Raiffeisenbank a.s., Prague (CZ)	IRB	IRB	STA	STA
Raiffeisen Bank Zrt., Budapest (HU)	IRB	IRB	STA	STA
Tatra banka a.s., Bratislava (SK)	IRB	IRB	STA	AMA
Raiffeisen Bank S.A., Bucharest (RO)	IRB	IRB	STA	AMA
Raiffeisen Bank d.d. Bosna i Hercegovina, Sarajevo (BA)	IRB	IRB	STA	STA
Raiffeisenbank Austria d.d., Zagreb (HR)	IRB	STA	STA	STA
Raiffeisen Banka a.d., Novi Beograd (RS)	IRB	IRB	STA	STA
AO Raiffeisenbank, Moscow (RU)	IRB	STA	STA	AMA
Raiffeisen Bank Sh.a., Tirana (AL)	IRB	IRB	STA	STA
Raiffeisenbank (Bulgaria) EAD, Sofia (BG)	IRB	IRB	STA	AMA
Raiffeisen Centrobank AG, Vienna (AT)	STA	n/a	STA	AMA
Kathrein Privatbank Aktiengesellschaft, Vienna(AT)	STA	STA	n/a	AMA
All other units	STA	STA	STA	STA

IRB: Internal Ratings Based Approach
Internal model for open currency position risks and general interest rate risk in the trading book
STA: Standardized Approach
AMA: Advanced Measurement Approach

Recognition and measurement principles

The explanations to COVID-19 measures and their accounting effects are shown in the section accounting policies related to COVID-19.

Classification and measurement of financial assets and financial liabilities

According to IFRS 9, all financial assets, financial liabilities and derivative financial instruments are to be recognized in the statement of financial position. A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. On initial recognition, financial instruments are to be measured at fair value, which generally corresponds to the transaction price at the time of acquisition or issue. According to IFRS 13, the fair value is defined as the exit price. This is the price that would be received on sale of an asset or paid to transfer a liability in an orderly transaction between market participants. For subsequent measurement, financial instruments are recognized in the statement of financial position according to the respective measurement category pursuant to IFRS 9, either at (amortized) cost or at fair value.

The classification of financial assets under IFRS 9 is firstly based on the business model under which the assets are managed, and secondly on the cash flow characteristics of the assets. For RBI, this results in five classification categories for financial assets:

- Financial assets measured at amortized cost (AC)
- Financial assets measured at fair value through other comprehensive income (FVOCI)
- Financial assets mandatorily measured at fair value through profit or loss (FVTPL)
- Financial assets designated fair value through profit or loss (FVTPL) and
- Financial assets held for trading (HFT)

In RBI, a financial asset is measured at amortized cost if the business model consists of holding the asset to collect the contractual cash flows and if the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. A financial asset is subsequently measured at fair value through other comprehensive income (FVOCI) if it is held within a business model whose objective is both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity instrument that is not held for trading, RBI may irrevocably elect to present subsequent changes in fair value in other comprehensive income (OCI). This decision is made on an investment-by-investment basis for each investment and essentially covers strategic interests that are not fully consolidated.

All other financial assets – i.e. financial assets that do not meet the criteria for classification as subsequently measured at either amortized cost or FVOCI – are classified as subsequently measured at fair value, with changes in fair value recognized in profit or loss. In addition, RBI has the option at initial recognition to designate a financial asset as at FVTPL, if doing so eliminates or significantly reduces a measurement or recognition inconsistency – i.e. an accounting mismatch – that would otherwise arise from measuring assets or liabilities, or recognizing the gains and losses on them, on different bases.

A financial asset is classified into one of these categories on initial recognition.

Financial liabilities are generally recognized according to IFRS 9 at (amortized) cost (financial liabilities – amortized cost) applying the effective interest method unless they are measured at fair value. This includes financial liabilities that are held for trading (financial liabilities – held for trading) and designated as FVTPL (financial liabilities – designated fair value through profit/loss). Changes in the fair value of liabilities designated at fair value through profit or loss which are caused by changes in RBI's own default risk are to be booked in other comprehensive income.

In accordance with IFRS 9, embedded derivatives are not separated from the host contract of a financial asset. Instead, financial assets are classified in accordance with the business model and their contractual characteristics as explained in the chapter business model assessment and in the chapter analysis of contractual cash flow characteristics. When recognizing financial liabilities, embedded derivatives are only separated from the host instrument and separately accounted for as derivatives if their economic characteristics and risks are not closely related to the economic characteristics and risks of the host contract, the embedded derivative meets the definition of a derivative and the hybrid financial instrument is not associated with a financial liability item that is held for trading or designated at fair value through profit or loss.

Business model assessment

RBI makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed, and information is provided to management. The following factors are considered as evidence when assessing which business model is relevant:

- How the performance of the business model (and the financial assets held within that business model) are evaluated and reported to the entity's key management personnel
- The risks that affect the performance of the business model (and the financial assets held within that business model) and the way those risks are managed
- How managers of the business are compensated – e.g. whether the compensation is based on the fair value of the assets managed or the contractual cash flows collected
- The frequency, value and timing of sales in prior periods, the reasons for such sales, and expectations about future sales activity and
- Whether sales activity and the collection of contractual cash flows are each integral or incidental to the business model (hold-to-collect versus hold-and-sell business model).

Financial assets that are held for trading and those that are managed and whose performance is evaluated on a fair value basis will be measured at FVTPL.

A business model's objective can be to hold financial assets to collect contractual cash flows even when some sales of financial assets have occurred or are expected to occur. For RBI the following sales may be consistent with the hold-to collect business model:

- The sales are due to an increase in the credit risk of a financial asset.
- The sales are infrequent (even if significant) or are insignificant individually and in aggregate (even if frequent).
- The sales take place close to the maturity of the financial asset and the proceeds from the sales approximate the collection of the remaining contractual cash flows.

For RBI, the sale of more than 10 per cent of the portfolio (carrying amount) during a rolling three-year period would potentially be considered more than infrequent unless these sales are immaterial as a whole. The number of sales in RBI is small and it is monitored volume of the sales out of the hold-to-collect business model in order to have a documented basis that respective sales are consistent with the hold-to-collect business model. The judgement is made under reference to the rules of IFRS 9 which foresee that sales out of the hold-to-collect business model may be permissive in cases where the occur infrequently (even if significant in value) or insignificant in value both individually and in aggregate (even if frequent).

Analysis of contractual cash flow characteristics

If RBI has decided that the business model of a specific portfolio is to hold the financial assets to collect the contractual cash flows (or to both collect contractual cash flows and sell financial assets), it must assess whether the contractual terms of the financial assets allocated to this portfolio give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount out-standing. For this purpose, interest is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin. This assessment will be carried out on an instrument-by-instrument basis on the date of initial recognition of the financial asset.

In assessing whether the contractual cash flows are solely payments of principal and interest, RBI considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it no longer meets this condition. RBI considers amongst other things:

- Prepayment or extension terms
- Leverage agreements
- Claim is limited to specified assets or cash flows
- Contractually linked instruments

IFRS 9 includes regulations for prepayment features with negative compensation. Negative compensation arises where the contractual terms permit the borrower to prepay the instrument before its contractual maturity, but the prepayment amount could be less than unpaid amounts of principal and interest. However, to qualify for amortized cost measurement, the negative compensation must be a reasonable compensation for early termination of the contract.

Modification of the time value of money and the benchmark test

The time value of money is the element of interest that provides consideration for only the passage of time. It does not take other risks (credit, liquidity etc.) or costs (administrative etc.) associated with holding a financial asset into account. In some cases, the time value of money element is modified (referred to as imperfect). This would be the case, for example, if a financial asset's interest rate is periodically reset but the frequency of that reset does not match the tenor of the interest rate. In this case units must assess the modification as to whether the contractual cash flows represent solely payments of principal and interest, i.e. the modification term may not significantly alter the cash flows from a perfect benchmark instrument.

RBI has developed a quantitative benchmark test to assess whether the cash flow condition has been met. This test determines whether the undiscounted modified contractual cash flows differ significantly from the undiscounted cash flows of a benchmark instrument. The benchmark instrument is equivalent to the tested asset in all respects except for the modified interest components. At the time when the transaction is initially entered, the quantitative benchmark test is performed using 1,000 forward-looking simulations of future market interest rates over the life of the financial asset. The test assumes a normal distribution of interest rates using the single-factor Hull-White model when simulating the scenarios. To pass the quantitative benchmark test, the financial asset being tested must not exceed two significance thresholds. The significance thresholds are established as the quotient of the simulated cash flows from the modified interest rate components and the benchmark instrument. The quotient must not exceed 10 per cent over a reporting period (three months) or 5 per cent over the entire life of the financial asset being tested. If one of these two significance thresholds is exceeded, the financial asset will have failed the benchmark test and must be measured at fair value through profit or loss.

A benchmark test is applied for the following main contractual features that can potentially modify the time value of money:

- Reset rate frequency does not match interest tenor
- Lagging indicator
- Smoothing clause
- Grace period
- Secondary market yield reference (UDRB: Average government bond yields weighted by outstanding amounts)

Financial assets and financial liabilities

Financial assets – amortized cost

In RBI, a financial asset is measured at amortized cost (AC) if both of the following conditions are met:

- The asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows.
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These conditions are explained in more detail in the chapters business model assessment, analysis of contractual cash flow characteristics, and modification of the time value of money and the benchmark test.

Loans and advances to customers and banks are particularly assigned to this category. Loans and advances relating to finance lease business, which are recognized in accordance with IFRS 16, and securities which meet the above conditions, are also shown in this measurement category.

They are measured at amortized cost. If there is a difference between the amount paid and face value – and this has an interest char-acter – the effective interest method is used, and the amount is stated under net interest income. Interest income is calculated on the basis of the gross carrying amount provided the financial asset is not impaired. As soon as the financial asset is impaired, interest income is calculated based on the net carrying amount. The amortized cost is also adjusted by the expected loss recognized, using the expected loss approach in accordance with IFRS 9, as outlined in the chapter impairment general (IFRS 9).

Financial assets – mandatorily at fair value through profit/loss

In RBI, a financial asset is mandatorily measured at fair value if the financial asset is managed neither at amortized cost nor at fair value through other comprehensive income, and if there is no intention to trade and the asset was not voluntarily designated at fair value. Essentially, this concerns securities and loans which do not pass the contractual cash flow characteristics analysis and portfolios of financial assets which are not held for trading, which are managed at fair value and whose performance is assessed.

Financial assets – fair value through other comprehensive income

In RBI, a debt instrument is measured at fair value through other comprehensive income if both of the following conditions are met:

- A financial asset is classified as subsequently measured at fair value through other comprehensive income (FVOCI) if it is held within a business model whose objective is both collecting contractual cash flows and selling financial assets.
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Securities for the purpose of liquidity management are particularly assigned to this category.

Recognition is at fair value. Interest income, foreign exchange gains and losses from remeasurements and impairment expenses and reversals of impairment are recorded in the income statement and calculated in the same way as financial assets measured at amortized cost. The remaining fair value changes are recorded in other comprehensive income. On derecognition, the cumulative net gains or losses from the fair value changes which are recorded in other comprehensive income are reclassified to the income statement. In addition, the debt instruments in the category FVOCI are subject to the same impairment model (see chapter general rules on impairment (IFRS 9)) as financial assets measured at amortized cost. The difference between the fair value and amortized cost is shown in other comprehensive income until the asset is derecognized.

In RBI, an equity instrument is shown at fair value through other comprehensive income if RBI irrevocably decides to present subsequent changes in fair value in other comprehensive income (OCI). This decision is made on an investment-by-investment basis for each in-vestment and essentially covers strategic investments that are not fully consolidated. In contrast to debt instruments, the gains and losses recorded in other comprehensive income (OCI) are not reclassified to the income statement on sale; impairments are not recorded through profit or loss, either.

Financial assets and financial liabilities – held for trading

Financial assets and liabilities – held for trading are acquired or incurred principally for the purpose of generating profit from short-term fluctuations in market prices. Securities and derivative financial instruments held for trading are recognized at fair value. If securities are listed, the fair value is based on stock exchange prices. Where such prices are not available, internal prices based on present value calculations for originated financial instruments and futures or option pricing models for options are applied. Present value calculations are based on an interest rate curve which consists of money market rates, future rates and swap rates. Option price formulas Black-Scholes 1972, Black 1976 or Garman-Kohlhagen are applied depending on the kind of option. The measurement for complex options is based on a binominal tree model and Monte Carlo simulations.

Positive fair values are shown under financial assets – held for trading. Negative fair values are shown under financial liabilities – held for trading. Changes in fair value are shown in net trading income. Derivatives held for hedging purposes pursuant to IAS 39 are shown in the statement of financial position under the item hedge accounting. In addition, any liabilities from the short-selling of securities are shown in financial liabilities – held for trading.

Capital-guaranteed products (guarantee funds and pension plans) are shown as sold put options on the respective funds to be guaranteed. The valuation is based on a Monte Carlo simulation. The Group has provided capital guarantee obligations as part of the government-funded state-sponsored pension plans according to § 108h (1) item 3 EStG (Austrian Income Tax Act). The bank guarantees that the retirement annuity, available for the payment amount is not less than the sum of the amounts paid by the taxpayer plus credits for such taxable premiums within the meaning of § 108g EStG.

Interest income is shown in net interest income, valuation results and proceeds from disposals are shown in net trading income and fair value result.

Financial assets and financial liabilities – designated fair value through profit/loss

This category comprises mainly all those financial assets that are irrevocably designated as financial instruments at fair value (so-called fair value option) upon initial recognition in the statement of financial position. An entity may use this designation only when doing so eliminates or significantly reduces incongruities in measurement or recognition. These arise if the measurement of financial assets or liabilities or the recognition of resulting gains or losses has a different basis.

Financial liabilities are also designated as financial instruments at fair value to avoid valuation discrepancies with related derivatives. The fair value of financial obligations under the fair value option in this category reflects all market risk factors, including those related to the credit risk of the issuer.

In the reporting year, as in the comparison year, observable market prices were used for the valuation of liabilities of subordinated issues measured at fair value. The financial liabilities are mostly structured bonds. The fair value of these financial liabilities is calculated by discounting the contractual cash flows with a credit-risk-adjusted yield curve, which reflects the level at which the Group could issue similar financial instruments at the reporting date. The market risk parameters are determined based on similar financial instruments. Valuation results for liabilities that are designated as a financial instrument at fair value are recognized in net trading income and fair value result.

In accordance with IFRS 9, these financial instruments are measured at fair value. Interest income is shown in net interest income; valuation results and proceeds from disposals are shown in net trading income and fair value result. For financial liabilities designated at fair value through profit or loss, changes in fair value attributable to a change in own credit risk is not reported in the income statement but in other comprehensive income.

Financial liabilities – amortized cost

Liabilities are predominantly recognized at amortized cost. In addition to interest expense, if there are differences between the amount paid and face value, the effective interest method is applied and the amounts are shown in net interest income. This category mainly includes customer deposits and securities issues for refinancing purposes.

Relationships between assets/liabilities, measurement criteria and category pursuant to IFRS 9

	Measurement		
Assets/liabilities	**Fair value**	**Amortized cost**	**Category according to IFRS 9**
Asset classes			
Cash, cash balances at central banks and other demand deposits		X	AC
Financial assets - amortized cost		X	AC
hereof loans from finance lease		X	AC
Financial assets - fair value through other comprehensive income	X		FVOCI
Non-trading financial assets - mandatorily fair value through profit/loss	X		FVTPL
Financial assets - designated fair value through profit/loss	X		FVTPL
Financial assets - held for trading	X		FVTPL
Hedge accounting	X		n/a
Liability classes			
Financial liabilities - amortized cost		X	AC
hereof liabilities from finance lease		X	AC
Financial liabilities - designated fair value through profit/loss	X		FVTPL
Financial liabilities - held for trading	X		FVTPL
Hedge accounting	X		n/a

AC: Amortized Cost
FVOCI: Fair Value Through Other Comprehensive Income
FVTPL: Fair Value Through Profit/Loss

Amortized cost

The effective interest rate method is a method of calculating the amortized cost of a financial instrument and allocating interest expenses and interest income to the relevant periods. The effective interest rate is the interest rate applied to discount the forecast future cash inflows and outflows (including all fees which form part of the effective interest rate, transaction costs and other premiums and discounts) over the expected term of the financial instrument or a shorter period, where applicable, to arrive at the net carrying amount from initial recognition.

Fair value

The fair value is the price that would be received for the sale of an asset or paid for the transfer of a liability, in an orderly business transaction between market participants on the measurement reference date. This applies irrespective of whether the price is directly observable or has been estimated using a valuation method.

In accordance with IFRS 13, RBI uses the following hierarchy to determine and report the fair value for financial instruments:

Quotation on an active market (Level I)

If market prices are available, the fair value is best reflected by the market price insofar as a publicly quoted market price is available. This category contains equity instruments traded on the stock exchange, debt instruments traded on the interbank market, and derivatives traded on the stock exchange. The valuation is mainly based on external data sources (stock exchange prices or broker quotes in liquid market segments). In an active market, transactions involving financial assets and liabilities are traded in sufficient frequency and volumes, so that price information is continuously available. Indicators for active markets are the number, the frequency of update or the quality of quotations (e.g. banks or stock exchanges). Moreover, narrow bid/ask spreads and quotations from market participants within a certain corridor are also indicators of an active liquid market.

Measurement techniques based on observable market data (Level II)

When quoted prices are not available on an active market, the financial instrument is then classified as Level II if the fair value can be determined using recognized measurement models which utilizes observable prices or parameters (particularly present value calculations or option price models). These methods concern the majority of the OTC-derivatives and non-quoted debt instruments.

Measurement techniques not based on observable market data (Level III)

If neither a quoted price nor significant parameters on an active market are available for the measurement with measurement models, parameters which are not observable in the market are also used. These input parameters may include data which is calculated in terms of approximated values from historical data among other factors (fair value hierarchy Level III). The utilization of these models requires assumptions and estimates of the Management. The scope of the assumptions and estimates depends on the price transparency of the financial instrument, its market and the complexity of the instrument.

For financial instruments valued at amortized cost (this comprises loans and advances, deposits, other short-term borrowings and long-term liabilities), the Group publishes the fair value. In principle, there is low or no trading activity for these instruments, therefore a significant degree of assessment by the Management is necessary for determining the fair value.

Further information on measurement methods and quantitative information for determination of fair value is shown in the notes under (33) Fair value of financial instruments.

Derecognition of financial assets

A financial asset is derecognized when the contractual rights to the cash flows arising from a financial asset have expired, when the Group has transferred the rights to the cash flows, or if the Group has the obligation, in case that certain criteria occur, to transfer the cash flows to one or more receivers. A transferred asset is also derecognized if all material risks and rewards of ownership of the assets are transferred. The basic principle for the admissibility of write-offs in the Group is an adequately documented assessment that for the loans concerned, no recovery/payment can be expected on the basis of a reasonable assessment, either against the entire exposure (full write-off) or against part of the exposure (partial write-off). Furthermore, the loans have to be either fully impaired in amount of the entire exposure or, in case of collateralized loans, they are impaired in the extent not being collateralized. Further information on write-offs is provided in (37) Expected credit losses.

Modification of financial assets

A financial asset is derecognized on account of a modification if the underlying contract is modified substantially. In RBI, terms are substantially modified if the discounted present value of the cash flows under the new terms using the original effective interest rate differs by at least 10 per cent from the discounted present value of the remaining cash flows of the original financial asset (present value test). In addition to the present value test further quantitative and qualitative criteria are considered in order to assess whether a substantial modification applies. The other quantitative criteria primarily consider the extension of the average remaining term. Stage 3 loans are often restructured to match the maximum expected payments from the customer. If this is the case, then additional judgement is required to determine whether the contractual change is a new instrument in economic terms. RBI has defined qualitative criteria for a significant change in the terms of the contract as a change in the underlying currency and also the introduction of clauses that would normally cause the contractual cash flow criteria according to IFRS 9 to fail, or a change in the type of instrument (e.g. a bond is converted to a loan).

Securitization transactions

RBI securitizes various financial assets by placing risks from these financial assets in the form of portfolios. This is done on a case-by-case basis by transferring the portfolio-based risks to special purpose vehicles (SPV) or structured entities (SE) that issue securities to investors. The assets transferred may be derecognized fully or partly. The most relevant type of transaction for RBI consists of synthetic securitizations that are reflected in the form of a transfer of risks in the existence of portfolio guarantees received from a third party. Depending on which tranche is placed externally, RBI may, as the originator, also retain rights to securitized financial assets in the form of senior or subordinated tranches, interest claims or other residual claims (retained rights). An overview of the securitizations currently active in the Group is provided under (42) Securitizations (RBI as originator).

Derecognition of financial liabilities

The Group derecognizes a financial liability if the obligations of the Group have been paid, expired or revoked. The income or expense from the repurchase of own liabilities is shown in the notes under (7) Other net operating income. The repurchase of own bonds also falls under derecognition of financial liabilities. Differences on repurchase between the carrying amount of the liability (including premiums and discounts) and the purchase price are reported in the income statement under other net operating income unless they are liabilities designated at fair value. If the Group repurchases financial liabilities that are accounted for using the fair value option, fair value changes resulting from a deterioration of the Group's creditworthiness (and thus a change in the default risk of the financial liability) are recognized through other comprehensive income and not reclassified to profit or loss.

Reclassification of financial assets

Reclassification is only possible for financial assets, not for financial liabilities. In RBI, a change in the measurement category is only possible if there is a change in the business model used to manage a financial asset. Such changes are expected to occur very rarely, are determined by the management following external or internal changes and must not only be significant for the entity's operations but also be capable of being proven to external parties. If these conditions apply, then the reclassification is mandatory. If such reclassification is necessary, this must be changed prospectively from the date of reclassification and approved by the RBI Management Board.

Derivatives

Within the operating activity, the Group carries out transactions with derivative financial instruments for trading and hedging purposes. The Group uses derivatives including swaps, standardized forward contracts, futures, credit derivatives, options and similar contracts. The Group uses derivatives in order to meet client requirements concerning their risk management, to manage and hedge risks and to generate profit in proprietary trading. Derivatives are initially recognized at the time of the transaction at fair value and subsequently revalued to fair value. The resulting valuation gain or loss is recognized immediately in net trading income and fair value result, unless the derivative is designated as a hedging instrument for hedge accounting purposes and the hedge is effective. Here the timing of the recognition of the gain or loss on the hedging instrument depends on the type of hedging relationship.

Derivatives which are used for hedging against market risk (excluding trading assets/liabilities) for a non-homogeneous portfolio do not meet the conditions for IAS 39 hedge accounting. These are recognized as follows: the dirty price is booked under the item financial assets – held for trading or financial liabilities – held for trading in the statement of financial position. The change in value of these derivatives, on the basis of the clean price, is shown in net trading income and fair value result and interest is shown in net interest income.

Credit derivatives, the value of which is dependent on future specified credit (non-)events are shown at fair value under the item financial assets – held for trading or financial liabilities – held for trading. Changes in valuation are recognized under net trading income and fair value result.

Additional information on derivatives is provided in the notes under (47) Derivative financial instruments.

Offsetting of financial instruments

Where the borrower and lender are the same, offsetting of loans and liabilities with matching maturities and currencies occurs if a legal right, by contract or otherwise, exists and offsetting is in line with the actually expected course of the business. Information on offsetting of financial instruments is provided in the notes under (41) Offsetting financial assets and liabilities.

Hedge accounting

IFRS 9 grants accounting options for hedge accounting. RBI continues to apply the provisions on hedge accounting pursuant to IAS 39 while, however, taking the changes in the disclosures in the notes pursuant to IFRS 7 into account. The respective disclosures are shown in the notes under (48) Hedge accounting – additional information.

If derivatives are held for the purpose of risk management and if the respective transactions meet specific criteria, the Group uses hedge accounting. The Group designates certain hedging instruments – mostly derivatives – as fair value hedges, cash flow hedges or capital hedges. At the beginning of the hedging relationship, the relationship between underlying and hedging instrument, including the risk management objectives, is documented. Furthermore, it is necessary to regularly document from the beginning and during the lifetime of the hedging relationship that the fair value or cash flow hedge is highly effective.

Fair value hedge

Hedge accounting according to IAS 39 applies to those derivatives that are used to hedge the fair value of financial assets and liabilities. The credit business is especially subject to such fair value risks if it deals with fixed-interest loans. Interest rate swaps that satisfy the prerequisites for hedge accounting are contracted to hedge against the interest-rate risks arising from individual loans or refinancing. Thus, hedges are formally documented, continuously assessed, and tested to be highly effective. Throughout the term of a hedge it can therefore be assumed that changes in the fair value of a hedged item will be nearly completely offset by a change in the fair value of the hedging instrument and that the actual effectiveness outcome will lie within a band of 80 to 125 per cent.

Derivative instruments held to hedge the fair value of individual items in the statement of financial position (except trading derivatives) are recognized at fair value (dirty price) under the item hedge accounting (for assets: positive dirty prices; for liabilities: negative dirty prices). Changes in the carrying amounts of hedged items (assets or liabilities) are allocated directly to the corresponding items of the statement of financial position and reported separately in the notes.

Both the effect of changes in the carrying amounts of positions requiring hedging and the effects of changes in the clean prices of the derivative instruments are recorded under net gains/losses from hedge accounting.

Within the management of interest rate risks, the hedging of interest rate risk is also undertaken on the portfolio level. Individual transactions or groups of transactions with similar risk structures, divided into maturities according to the expected repayment and interest rate adjustment date in a portfolio, are hedged. Portfolios can contain assets only, liabilities only, or both. For hedge accounting, the change in the value of the hedged asset or liability is shown in net gains/losses from hedge accounting. The hedged amount of the hedged items is determined in the consolidated financial statements including sight deposits (the rules of the EU carve-out are therefore applied).

Cash flow hedge

Cash flow hedge accounting according to IAS 39 applies for those derivatives that are used to hedge against the risk of fluctuating future cash flows. Variable-interest loans and liabilities, as well as expected transactions such as expected borrowing or investment, are especially subject to such cash flow risks. Interest rate swaps used to hedge against the risk of fluctuating cash flows arising from specific variable interest-rate items are recognized as follows: The hedging instrument is recognized at fair value, changes in its clean price are recorded in other comprehensive income. Any ineffective portion is recognized in the income statement under net gains/losses from hedge accounting.

Hedge of a net investment in an economically independent operation (capital hedge)

In the Group, foreign exchange hedges of investments in economically independent sub-units are executed in order to reduce differences arising from the foreign currency translation of equity components. Currency swaps are mainly used as hedging instruments. Where the hedge is effective the resulting gains or losses from foreign currency translation are recognized in other comprehensive income and shown separately in the statement of comprehensive income. Any ineffective part of the hedge is recognized in net trading income. The related interest components are shown in net interest income.

Financial guarantees

According to IFRS 9, a financial guarantee is a contract under which the guarantor is obliged to make certain payments that compensate the party to whom the guarantee is issued for losses arising in the event that a particular debtor does not fulfill payment obligations on time as stipulated in the original terms of a debt instrument. At the date of recognition of a financial guarantee, the initial fair value corresponds under market conditions to the premium at the date of signature of the contract. In contrast to the presentation of impairments of financial assets, expected loan defaults are shown as a provision on the liabilities side.

Contingent liabilities and commitments

This item mainly includes contingent liabilities from undrawn loan commitments. Loan commitments must be reported when a credit risk may occur. These include commitments to provide loans, to purchase securities or to provide guarantees and acceptances. Loan loss provisions for loan commitments are reported under provisions for liabilities and charges. Often, loan commitments are only partially drawn and thus comprise a drawn and an undrawn commitment. If it is not possible to separately identify the expected credit losses applicable to a drawn commitment and those to an undrawn commitment, these are shown together with the impairments of the financial asset, in accordance with IFRS 7. The total expected credit losses are shown as a provision if they exceed the gross carrying amount of the financial asset. Contingent liabilities are shown under (34) Loan commitments, financial guarantees and other commitments. Major contingent liabilities from legal disputes are shown under (56) Pending legal issues.

General rules on impairment (IFRS 9)

This section provides an overview of those aspects of the rules on impairment that involve a higher degree of judgement or complexity and major sources of estimation uncertainty. Quantitative information about each of these estimates and judgements is included in the related notes together with information about the basis of calculation for each affected line item in the consolidated financial statements.

Overview

Since IFRS 9 entered into force, impairment losses for all debt instruments which are not measured at fair value in profit or loss and for loan commitments and financial guarantees (hereinafter referred to in this section as financial instruments) are recorded in the amount of the expected credit loss. Equity instruments are not subject to the impairment rules of IFRS 9.

If the credit risk for financial instruments has significantly increased since initial recognition, the impairment for a financial instrument must be measured in the amount of the expected credit losses over the (remaining) term. If the credit risk for financial instruments has not significantly increased since initial recognition, the impairment for a financial instrument must be measured in the amount of the present value of an expected twelve-month loss. The expected twelve-month loss is that portion of the credit losses expected over the lifetime which correspond to the expected credit losses from default events possible for a financial instrument within the twelve months following the reporting date.

RBI has introduced recognition and measurement methods in order to be able to assess at the end of every reporting period whether or not the credit risk for a financial instrument has significantly increased since initial recognition. Based on the method outlined above, RBI classifies its financial instruments into Stage 1, Stage 2, Stage 3 and POCI as follows:

- Stage 1 essentially includes all financial instruments whose credit default risk has not significantly increased since their initial recognition. Stage 1 also includes all transactions which show a low credit risk on the reporting date and where RBI has utilized the option available under IFRS 9 to waive the assessment of a significant increase in credit risk. A low credit risk exists for all debt securities whose internal credit rating on the reporting date is within the investment grade range. RBI did not make use of the exemption for low credit risks in the lending business. On initial recognition of loans, the bank records an impairment in the amount of the expected twelve-month loss. Stage 1 also includes loans where the credit risk improved and which have thus been reclassified from Stage 2.
- Stage 2 includes those financial instruments whose credit risk has significantly increased since their initial recognition and which, as at the reporting date, are not classified as transactions with limited credit risk. Impairments in Stage 2 are recognized in the amount of the financial instrument's lifetime expected credit loss. Stage 2 also includes loans where the credit risk improved and which have thus been reclassified from Stage 3.
- Stage 3 includes financial instruments which are classified as impaired as at the reporting date. RBI's criterion for this classification is the definition of a default. The expected credit loss over the entire remaining lifetime of the financial instrument is also to be used as the basis for recognizing impairment of Stage 3 loans in default.

- POCI: Purchased or originated credit-impaired assets are financial assets which were already impaired at the time of initial recognition. On initial recognition, the asset is recorded at fair value without any impairment, using an effective interest rate that is adjusted for creditworthiness. The impairment recognized in subsequent periods equals the cumulative change in the lifetime expected credit loss of the financial instrument since the initial recognition in the statement of financial position. This remains the basis for measurement, even if the value of the financial instrument has risen.

The recognition and measurement principles for calculating expected credit losses are set out in the notes under (37) Expected credit losses in the chapter determination of expected credit losses. The recognition and measurement principles for determining a significant increase in the credit risk are set out under (37) Expected credit losses in the chapter significant increase in the credit risk. The expected credit losses are measured on either a collective or individual basis. The requirements for collective measurement are set out under (37) Expected credit losses in the section shared credit risk characteristics.

Determination of expected credit losses

RBI calculates the expected credit loss as the probability-weighted, expected value of all payment defaults taking into account various scenarios over the expected lifetime of a financial instrument discounted with the effective interest rate that was originally determined. A payment default is the difference between the contractually agreed and actually expected payment flows. Further details on determining expected credit losses are provided in the notes under (37) Expected credit losses.

Forward-looking information

As a rule, the risk parameters specific to IFRS 9 are estimated not only on historical default information but also particularly on the current economic environment (point-in-time perspective) and forward-looking information. This assessment primarily involves regularly reviewing the effects which the bank's macroeconomic forecasts will have regarding the amount of the ECL and including these effects in the determination of the ECL.

Further details on forward-looking information are provided in the notes under (37) Expected credit losses in the chapter forward-looking information.

Significant increase in the credit risk

RBI's rating systems combine into the PD all available quantitative and qualitative information relevant for forecasting the credit risk. This metric is based primarily on a statistical selection and weighting of all available indictors. The set of forward-looking information also includes the credit clock used for improvement of the regression which reproduces the current state of the credit cycle and the derived outlook of the credit cycle development. In addition, the PD adjusted in accordance with IFRS 9 requirements takes into account not only historical information and the current economic environment, but also, in particular, forward-looking information such as the forecast for the development of macroeconomic conditions. As a consequence, RBI uses the PD only as a frame of reference for assessing whether the credit risk of a financial instrument has risen significantly since the date of its initial recognition. By anchoring the review of the relative transfer criterion in the robust processes and procedures of the bank's Group-wide credit-risk-management framework, the bank ensures that a significant increase in the credit risk is identified in a reliable and timely manner based on objective criteria. The review to determine whether the credit default risk as at the financial reporting date has risen significantly since the initial recognition of the respective financial instrument is performed as at the reporting date. This review compares the observed probability of default over the residual maturity of the financial instrument (Lifetime-PD) against the lifetime PD over the same period as expected on the date of recognition. Further details on forward-looking information are provided in the notes under (37) Expected credit losses in the chapter significant increase in the credit risk.

Collateral

In order to mitigate credit risks for financial assets, RBI endeavors to use collateral wherever possible. This collateral can take different forms, such as cash, securities, letters of credit/guarantees, real estate, receivables, inventories and other non-financial assets and credit improvements such as netting agreements. Collateral is not recorded in RBI's statement of financial position unless it is taken into possession. Further details are provided in the notes under (36) Collateral and maximum credit risk.

Genuine sale and repurchase agreements

In a genuine sale and repurchase transaction, RBI sells assets to a third party and agrees at the same time to repurchase these assets at an agreed price and time. The assets remain on RBI's statement of financial position and are measured according to the standards applied to the item in the statement of financial position under which they are shown. The securities are not derecognized since all the risks and rewards of RBI associated with the ownership of the repurchased securities are retained. Cash inflows arising from a sale and repurchase transaction are recognized in the statement of financial position as financial liabilities – amortized cost.

Under reverse repurchase agreements, assets are acquired by RBI with the obligation to sell them in the future. The purchased securities on which the financial transaction is based are not reported in RBI's statement of financial position and accordingly not measured. Cash outflows arising from reverse repurchase agreements are recorded in the statement of financial position under the item financial assets – amortized cost.

Interest expense from sale and repurchase agreements and interest income from reverse sale and repurchase agreements is accrued in a straight line over their term to maturity and shown under RBI's net interest income.

Securities lending

RBI concludes securities lending transactions with banks or customers in order to meet delivery obligations or to conduct security sale and repurchase agreements. In RBI, securities lending transactions are shown in the same way as genuine sale and repurchase agreements. This means loaned securities continue to remain in the securities portfolio and are valued according to IFRS 9. Borrowed securities are not recognized and not valued in RBI. Cash collateral provided by RBI for securities lending transactions is shown as a claim under the item financial assets – amortized cost while collateral received is shown as financial liabilities – amortized cost in the statement of financial position.

Leasing

At inception of a contract, RBI assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a certain time period in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, RBI assesses whether the following criteria are met:

- The contract involves the use of an identified asset – this is the case if either the asset is explicitly specified in the contract or the asset is implicitly specified at the time that it is made available for use by the customer that is capable of being used to meet the contract terms. If the supplier has a material substitution right, then the asset is considered as not identified;
- RBI has the right to obtain substantially all of the economic benefit from use of the asset throughout the period of use; and
- RBI has the right to direct how and for what purpose the asset is used throughout the period of use or the relevant decisions about how and for what purpose the asset is used are predetermined.

RBI as lessee

RBI recognizes a right-of-use asset and a lease liability at the lease commencement date which is the date on which a lessor (a supplier) makes an underlying asset available for use by RBI. The right-of-use asset is measured at cost at the commencement date. The cost of the right-of-use asset comprises the amount equal to the lease liability at its initial recognition adjusted for any lease payments made at or before the commencement of the lease plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset, or to restore the underlying asset or the site on which it is located, less any lease incentives.

The right-of-use asset is subsequently depreciated using the straight-line method in accordance with IAS 16 from the commencement date to the earlier of the end of the useful life or the end of the lease term of the right-of-use asset. The right-of-use asset is reduced by impairments, if any, and adjusted for certain remeasurements of the lease liability.

At the commencement date, RBI measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments shall be discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the lessee shall use the incremental borrowing rate.

The lease payments included in the measurement of the lease liability comprise the following:

- fixed payments including in-substance fixed payments
- variable lease payments that depend on an index or rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if RBI is reasonably certain to exercise that option; and

- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease

The lease liability is measured on an ongoing basis similarly to other financial liabilities, using an effective interest method, so that the carrying amount of the lease liability is measured on an amortized cost basis and the interest expense is allocated over the lease term. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the RBI's estimate of the amount expected to be payable under a residual value guarantee, or if RBI changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of right-of-use asset has been reduced to zero.

RBI has elected not to recognize right-of-use assets and lease liabilities for short-term leases of equipment that have a lease term of twelve months or less and leases of low-value assets, including IT equipment. RBI recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

RBI as lessor

When RBI acts as lessor, it determines at lease inception whether the lease is accounted for as finance or operating lease. In RBI a lease is classified as a finance lease if substantially all the risks and rewards incidental to ownership are transferred. Typical factors that, individually or in combination, would normally lead to a lease being classified as a finance lease:

- Transfer of ownership of the asset by the end of the contract term;
- Option to purchase the asset at a price that is expected to be sufficiently lower than the fair value at the date the option becomes exercisable for it to be reasonably certain at the inception date that the option will be exercised;
- The lease term is for major part of the economic life of the asset (even if the title is not transferred);
- At the inception date, the present value of the lease payments equals at least substantially the fair value of the asset;
- The asset is of such a specialized nature that only the lessee can use it without major modifications.

Sometimes RBI is an intermediate lessor which means that RBI acts as both the lessee and lessor of the same underlying asset and accounts for its interest in the main lease and the sublease separately. When the main lease is a short-term lease, the sublease is classified as an operating lease. Otherwise, RBI assesses the classification of a sublease by reference to the right-of-use asset in the main lease and not by reference to the underlying asset of the main lease.

RBI recognizes the lease payments associated with the operating lease as income on a straight-line basis over the lease term.

Consolidation principles

Subsidiaries

All material subsidiaries over which RBI AG directly or indirectly has control are fully consolidated. The Group has control over an entity when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Investments in subsidiaries which are not consolidated in the consolidated financial statements are measured at fair value. Investments in subsidiaries whose fair value differ insignificantly from the acquisition costs less impairment, are simply measured at the acquisition costs minus impairment. Investments in subsidiaries are shown under the item investments in subsidiaries and associates.

Structured entities are entities in which the voting or similar rights are not the dominant factor for determining control, e.g. if the voting rights are solely related to administration activities and the relevant activities are governed by contractual agreements.

Same as to subsidiaries, consolidation of structured entities is necessary, if the Group has control over the entity. In the Group, the need to consolidate structured entities is reviewed as part of the securitization transaction process, where the structured entity is either formed by the Group with or without participation of third parties, or, in which the Group with or without participation of third parties enters into contractual relationships with already existing structured entities. Whether an entity should be consolidated or not is reviewed at least quarterly or if an event occurs. All fully consolidated structured entities and investments in non-consolidated structured entities are to be found in the notes under (70) Group composition.

In order to determine when an entity should be consolidated, a series of control factors need to be checked. These include an examination of

- the purpose and the constitution of the entity,
- the relevant activities and how they are determined,
- if the Group has the ability to determine the relevant activity through its rights,
- if the Group is exposed to risks of or has rights to variable returns,
- if the Group has the ability to use its power over the investee in order to affect the amount of variable returns.

If voting rights are relevant, the Group has control over an entity in which it directly or indirectly holds more than 50 per cent of the voting rights; except when there are indicators that another investee has the ability to determine unilaterally the relevant activities of the entity. One or more of the following points may be such an indicator:

- Another investor has control over more than half of the voting rights due to an agreement with the Group,
- Another investor has the ability to control financial policy and operational activities of the equity participation due to legal provisions or an agreement,
- Another investor has control over the equity participation due to its possibility to appoint and withdraw the majority of members of the Board or members of an equivalent governing body,
- Another investor has control over the entity due to its possibility to possess the majority of the delivered voting rights in a meeting of members of the Board or of members an equivalent governing body.

When judging control, also potential voting rights are considered as far as they are material.

The Group assesses evidence of control in cases in which it does not hold the majority of voting rights but has the ability to unilaterally govern the relevant activities of the entity. This ability may occur in cases in which the Group has the ability to control the relevant activities due to the extent and distribution of voting rights of the investees.

In principle, subsidiaries are initially integrated into the consolidated group on the date when the Group obtains control of the company and are excluded from the date on when it no longer has control of the company. The results from subsidiaries acquired or disposed of during the year are recorded in the consolidated income statement, either from the assumption of control or up to the loss of control. During the initial consolidation of previously not included controlled subsidiaries due to their immateriality, changes in the value of individual assets and liabilities between the date of acquisition or foundation and the initial consolidation as well as profits/losses generated in this period of the subsidiary in question are taken into account directly in equity. These modifications are reported in the other changes. The Group reviews the adequacy of previous decisions on which companies to consolidate at least every quarter. Accordingly, any organizational changes are immediately taken into account. Apart from changes in ownership, these also include any changes to the Group’s existing contractual arrangements or new contractual arrangements with a unit.

Non-controlling interests are shown in the consolidated statement of financial position as part of equity, but separately from RBI AG's equity. The profit attributable to non-controlling interests is shown separately in the consolidated income statement.

In debt consolidation, intra-group loans and liabilities are eliminated. Remaining temporary differences are recognized under the item other assets or other liabilities in the consolidated statement of financial position.

Intra-group income and expenses are also eliminated and temporary differences resulting from bank business transactions are included partly in net interest income and partly in net trading income. Other differences are shown in the item other net operating income.

Intra-group results are eliminated insofar as they have a material effect on the income statement items. Transactions between Group members are executed on an arm's length basis.

Changes in the Group's ownership interests in existing subsidiaries

If, in the case of existing control, further shares are acquired or sold without loss of control, in subsequent consolidation such transactions are recognized directly in equity. The carrying amount of the shares held by the Group and the non-controlling interests are adjusted in such a way as to reflect changes in existing shareholdings in subsidiaries. Any difference between the amount which is adjusted for the non-controlling interests and the fair value of the consideration paid or received is recognized directly in equity and is assigned to the shareholders of the parent company.

If the company loses control over a subsidiary, the income/loss from disposal of group assets is shown in the income statement. This is calculated as the difference between

- the total amount of fair value of the received consideration and fair value of the shares retained and
- the carrying amount of assets (including goodwill), liabilities of the subsidiary and all non-controlling interests.

All amounts related to these subsidiaries and shown in other comprehensive income are recognized in the same way as would be the case for the sale of assets. This means the amounts are reclassified to the income statement or directly transferred to retained earnings.

Associated companies

An associated company is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of an entity in which shares are held. No control or joint management of decision-making processes exists. As a rule, significant influence is assumed if the Group holds 20 to 50 per cent of the voting rights. When judging whether the Group has the ability to exert a significant influence on another entity, the existence and the effect of potential voting rights which are actually exercisable or convertible are taken into account. Further parameters for judging significant influence are, for example, the representation in executive committees and supervisory boards (Supervisory Board in Austrian Joint Stock companies) of the entity and material business transactions with the entity. Investments in associated companies are valued at equity and shown in the statement of financial position under the item investments in subsidiaries and associates under the sub-item investments accounted for at equity.

The acquisition cost of these investments including goodwill is determined at the time of their initial consolidation, applying by analogy the same rules as for subsidiaries (offsetting acquisition costs against proportional fair net asset value). If associated companies are material, appropriate adjustments are made to the equity carrying amount, in accordance with developments in the company's equity. Profit or losses of companies valued at equity are netted and recognized in the item current income from investments in associates. Losses attributable to companies accounted for using the equity method are only recognized up to the level of the equity carrying amount. Losses in excess of this amount are not recognized, since there is no obligation to offset excess losses. Furthermore, any amounts recognized by the associate through other comprehensive income will be recognized in the other comprehensive income statement of RBI. This is especially relevant for valuation effects seen from financial assets at fair value through other comprehensive income (FVOCI). At each reporting date, the Group reviews to what extent there is objective evidence for impairment of an equity participation in an associated company. If there is objective evidence of impairment, an impairment test is carried out, in which the recoverable value of the participation – this is higher of the usable value and the fair value less selling costs – is compared to the carrying amount. An impairment made in previous periods is reversed only if the assumptions underlying the determination of the re-coverable value have been changed since recognition of the last impairment. In this case the carrying amount is written up to the higher recoverable value.

Business combinations

The acquisition of business operations is recognized according to the acquisition method. The consideration transferred in a business combination is measured at fair value. This is calculated as the aggregate of the acquisition-date fair value of all assets transferred, liabilities assumed from former owners of the acquired business combination and equity instruments issued by the Group in exchange for control of the business combination. Transaction costs related to business combinations are recognized in the income statement when incurred.

Goodwill is measured as the excess of the aggregate of the value of the consideration transferred, the amount of any non-controlling interest and the acquisition-date fair value of the acquirer's previously held equity interest in the acquiree (if any), and the net of the acquisition-date amounts of the fair values of identifiable assets acquired and the liabilities assumed. In the case that the difference is negative after further review, the resulting gain is recognized immediately in the income statement.

Non-controlling interests which confer ownership rights and grant the right to the owner to receive a proportionate share of the net assets of the entity in the event of liquidation, are measured either at fair value or at the non-controlling interest's proportionate share of net assets of the acquiree at the acquisition date. This accounting policy option can be newly made for every business combination. Other components of non-controlling interests are measured at fair value or with measurement values derived from other standards.

If the consideration transferred includes a contingent consideration, this is measured at the acquisition-date fair value. If the contingent consideration is classified as equity, it is not re-measured on the following reporting date. Its settlement is recognized within equity. A contingent consideration classified as assets or liabilities is measured on the following reporting dates at fair value and a resulting profit or loss is recognized in the income statement.

Adjustments to the measurement or additional recognition of further assets and liabilities in order to reflect information about facts and circumstances which already existed at the time of acquisition are corrected retrospectively within the measurement period and posted accordingly against goodwill. The measurement period may not exceed one year from the date of acquisition.

Cash, cash balances at central banks and other demand deposits

This item on the statement of financial position includes cash in hand, balances at central banks that are due on call, and demand deposits at banks that are due on call.

Equity participations

Investments in subsidiaries not included in the consolidated financial statements because of their minor significance, and investments in associated companies that are not valued at equity are shown in investments in subsidiaries and associates.

Intangible fixed assets

Acquired intangible fixed assets

In RBI, separately acquired intangible fixed assets, i.e. those with a definite useful life not acquired in a business combination, are capitalized at acquisition cost less accumulated amortization and impairment. Amortization is accrued in a straight line over the expected useful life and reported as an expense in the income statement. The expected useful life and the depreciation method are reviewed at each reporting date and any possible changes in measurement taken into account prospectively. Separately acquired intangible fixed assets with an indefinite useful life are capitalized at acquisition cost less accumulated impairment. The normal useful life of software is between four and six years. The normal useful life for large software projects may extend over a longer period.

Internally developed intangible fixed assets – research and development costs

Internally developed intangible assets comprise exclusively software and are capitalized if it is probable that the future economic benefits attributable to the asset will accrue to the Group and the cost of the asset can be measured reliably. Expenses for research are recognized as an expense when they are incurred.

An internally developed intangible fixed asset resulting from development activities or from the development stage of an internal project is capitalized when the following evidence is provided:

- The final completion of the intangible fixed asset is technically feasible so that it will be available for use or sale.
- It is intended to finally complete the intangible fixed asset and to use or to sell it.
- The ability exists to use or to sell the intangible fixed asset. The intangible fixed asset is likely to generate future economic benefit.
- The availability of adequate technical, financial and other resources required in order to complete development and to use or sell the intangible fixed asset is assured.
- The ability exists to reliably determine the expenditure incurred during the development of the intangible fixed asset.

The amount at which an internally developed intangible fixed asset is initially capitalized is the sum of all expenses incurred beginning from the day on which the aforementioned conditions are initially met. If an internally developed intangible fixed asset cannot be capitalized, or if there is as yet no intangible fixed asset, the development costs are reported in the income statement for the reporting period in which they are incurred.

Capitalized development costs are generally amortized in the Group in a straight line over a useful life of five years. The normal useful life of software is between four and six years. The normal useful life for large software projects may extend over a longer period.

Intangible fixed assets acquired in a business combination

In RBI, intangible fixed assets acquired in a business combination are reported separately from goodwill and measured at fair value. Goodwill and other intangible fixed assets without definite useful lives are tested for impairment at each reporting date. Impairment tests are performed whenever certain events (trigger events) occur during the year. Whenever circumstances indicate that the expected benefit no longer exists, impairment must be recognized pursuant to IAS 36. Intangible fixed assets with a definite useful life are amortized over the period during which the intangible fixed asset can be used.

Group companies use brands to differentiate their services from the competition. According to IFRS 3, brands of acquired companies are recognized separately under the item intangible fixed assets. Brands have an indeterminable useful life and are therefore not subject to scheduled amortization. Brands are to be tested annually for impairment and additionally whenever indications of impairment arise. Details can be found in the notes under (21) Tangible and intangible fixed assets.

Core deposits acquired as part of a business combination are reported separately under intangible assets in accordance with IFRS 3. The core deposits were based on a useful life of ten years. Details on the core deposits are shown under notes (21) Tangible and intangible fixed assets.

Tangible fixed assets

Land and buildings as well as office furniture and equipment reported under tangible fixed assets are measured at cost of acquisition or conversion less depreciation. Depreciation is recorded under the item general administrative expenses. The straight-line method is used for depreciation and is based on the following useful life figures:

Useful life	Years
Buildings	25 – 50
Office furniture and equipment	5 – 10
Hardware	3 – 7
Right-of-use assets	2 – 35

Land is not subject to depreciation.

Expected useful lives, residual values and depreciation methods are reviewed annually. Any necessary future change of estimates is taken into account. Any anticipated permanent impairment is reported in the income statement and shown under the item impairment on non-financial assets. In the case that the reason for the impairment no longer exists, a write-up will take place up to a maximum of the amount of the amortized cost of the asset.

A tangible fixed asset is derecognized on disposal or when no future economic benefit can be expected from the continued use of the asset. The resulting gain or loss from the sale or retirement of any asset is determined as the difference between the proceeds and the carrying amount of the asset and is recognized in other net operating income.

Investment property

This is property that is held to earn rental income and/or for capital appreciation. Investment property is reported at amortized cost using the cost model permitted by IAS 40 and is shown under tangible fixed assets because of minor importance. Straight line depreciation is based on the useful life. The normal useful life of investment property is identical to that of buildings recognized under tangible fixed assets. Depreciation is recorded under the item general administrative expenses. Impairments that are expected to be permanent are recognized in profit or loss and shown in the item impairment on non-financial assets. If the reasons for the impairment cease to exist, a write-up is made up to the amortized acquisition costs.

Investment property is derecognized on disposal or when it is no longer to be used and no future economic benefit can be expected from disposal. The resulting gain or loss from the disposal is determined as the difference between the net proceeds from the disposal and the carrying amount of the asset and is recognized in other net operating income in the reporting period in which the asset was sold.

Impairment of non-financial assets

Impairment test for goodwill

On each reporting date, goodwill is examined with a view to its future economic utility on the basis of cash generating units (CGUs). A cash generating unit is defined by the management and represents the smallest identifiable group of assets of a company that generates cash inflows from operations. Within RBI, all segments according to segment reporting are determined as cash generating units. Legal entities within the segments form their own CGU for the purpose of impairment testing of goodwill. The carrying amount of the relevant entity (including any assigned goodwill) is compared with its recoverable amount. This is, as a general principle, defined as the higher of the fair value less selling costs and the amount resulting from its value in use. The value in use is based on expected potential dividends discounted using a rate of interest reflecting the risk involved. The estimation of the future results requires an assessment of previous as well as future performance. The latter must take into account the likely development of the relevant markets and the overall macroeconomic environment.

Impairment tests for goodwill based on cash-generating units use a multi-year plan drawn up by the relevant management team and approved by the bodies responsible. This covers the CGU's medium-term prospects for success taking into account its business strategy, overall macroeconomic conditions (gross domestic product, inflation expectations, etc.) and the specific market circumstances. The data is then used to capture the terminal value based on a going concern concept. Discounting of the earnings relevant for the measurement, i.e. potential dividends, is undertaken using risk-adapted and country-specific equity capital cost rates determined by means of the capital asset pricing model. The individual interest rate parameters (risk-free interest rate, inflation difference, market risk premium, country-specific risks and beta factors) were defined by using external information sources. The entire planning horizon is divided into three phases with phase I covering the management planning period of three years. Detailed planning, including macroeconomic planning data, is extrapolated in phase II, which lasts another two years. The terminal value is then calculated in phase III based on the assumption of a going concern. Details on impairment testing can be found in the notes under (21) Tangible and intangible fixed assets.

Non-current assets held for sale and disposal groups

Non-current assets and disposal groups are classified as held for sale when the related carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is only considered met if the sale is highly probable and the asset (or disposal groups) is immediately available for sale and management has adopted a plan to sell the asset (or disposal group). Moreover, the sale transaction must be capable of being recognized as a completed sale within twelve months of the classification.

Non-current assets and disposal groups classified as held for sale are valued at the lower amount of their original carrying amount or fair value less costs to sell and are reported under the item non-current assets and disposal groups classified as held for sale. Income from non-current assets held for sale and discontinued operations is reported in the other result. If the impairment expense of the discontinued operations exceeds the carrying amount of the assets which fall under the scope of IFRS 5 , there is no special provision in the IFRS on how to deal with this difference. This difference is recognized in the item provisions for onerous contracts in the statement of financial position.

In the case that the Group has adopted a plan for the sale involving control over a subsidiary, all assets and liabilities of the subsidiary concerned are classified as held for sale provided the aforementioned conditions for this are met. This applies irrespective of whether the Group retains a non-controlling interest in the former subsidiary after the sale or not. Results from discontinued business operations are reported separately in the income statement as gains/losses from discontinued operations.

Details on disposal groups held for sale pursuant to IFRS 5 are included in the notes under (23) Non-current assets and disposal groups classified as held for sale.

Provisions for liabilities and charges

Provisions are recognized when the Group has a present obligation from a past event, where it is likely that it will be obliged to settle, and a reliable estimate of the amount is possible. The level of provisions is the best possible estimate of expected outflow of economic benefits at the reporting date while taking into account the risks and uncertainties underlying the commitment to fulfill the obligation. If a provision is formed based on cash flows estimated to fulfill an obligation, the cash flows must be discounted if the interest effect is material.

These types of provision are reported in the statement of financial position under the item provisions for liabilities and charges. Allocation to the various types of provision is booked through different line items in the income statement depending on the nature of the provision. Allocation of loan loss provisions for contingent liabilities is recorded in the income statement under the item impairment losses on financial assets. Restructuring provisioning and other employee benefits are recorded in general administrative expenses. Provision allocations that are not assigned to a corresponding general administrative expense are as a matter of principle booked against other net operating income.

Provisions for pensions and similar obligations

All defined benefit plans relating to so-called social capital (provisions for pensions, provisions for severance payments and provisions for service anniversary bonuses) are measured using the Projected Unit Credit Method in accordance with IAS 19 – Employee Benefits. The biometrical basis for the calculation of provisions for pensions, severance payments and service anniversary bonuses for Austrian companies is provided by AVÖ 2018-P-Rechnungsgrundlagen für die Pensionsversicherung (Computational Framework for Pension Insurance), using the relevant parameters for salaried employees. In other countries, comparable actuarial parameters are used for calculation.

Further details to provisions for pensions and similar obligations can be found in the notes under (29) Provisions for liabilities and charges.

Defined contribution plans

Under defined contribution plans, the company pays fixed contributions into a separate entity (a fund). These payments are recognized as staff expenses in the income statement.

Subordinated capital

Issued subordinated capital and supplementary capital are shown either in financial liabilities – amortized cost or financial liabilities – designated fair value through profit/loss. Securitized and non-securitized assets are subordinated if, in the event of liquidation or bankruptcy, they can only be met after the claims of the other – not subordinated – creditors have been satisfied. Supplementary capital is defined according to Article 63 of the regulation (EU) No 575/2013 (CRR). Corresponding instruments have an original maturity of at least five years, are of subordinate nature and are, among others, not allowed to contain an incentive to early redeem, a right of the investor to accelerate repayment or credit standing linked features that amend the level of dividend and/or interest payments of the issuer.

Net interest income

Interest and interest-like income mainly includes interest income on financial assets such as loans, fixed-interest securities, as well as interest and interest-like income from the trading portfolio. Interest expenses and interest-like expenses mainly include interest paid on deposits, debt securities issued and subordinated capital. Interest income and interest expenses are accrued in the reporting period. Negative interest from asset items is shown in interest income; negative interest from liability items is shown in interest expenses.

Dividend income

Dividends from equities, subsidiaries not fully consolidated, strategic investments and associates not valued at equity are recognized under dividend income. Dividends are recognized through profit/loss if RBI's legal entitlement to payment has materialized.

Current income from associates

Current income from associates consists of current income from companies accounted for at equity.

Net fee and commission income

Net fee and commission income item mainly includes income and expenses arising from payment transfer business, asset management, foreign exchange business and credit business. Fee and commission income and expenses are accrued in the reporting period.

Net trading income and fair value result

Net trading income comprises the trading margins resulting from the foreign exchange business, results due to foreign exchange revaluations and all realized and unrealized gains and losses from financial assets and liabilities at fair value.

Net gains/losses from hedge accounting

Net gains/losses from hedge accounting includes fair value changes from hedging instruments, fair value changes from hedged items attributable to the hedged risk and the ineffective portion of cash flow hedges recognized in profit or loss.

General administrative expenses

General administrative expenses include staff and other administrative expenses as well as amortization/depreciation on tangible and intangible fixed assets.

Other net operating income

The other net operating income does not include any direct core income, but rather special earnings components that arise in connection with the operating business

Other result

The other result mainly includes impairments of equity instruments and non-financial assets as well as deconsolidation effects. This primarily includes impairment and reversal of impairment on investments in subsidiaries and associates, impairment of goodwill and other non-financial assets as well as the result from non-current assets and disposal groups held for sale. In addition, RBI shows the tax expenses not attributed to business activity (from corporate restructurings) as well as allocations to credit-linked and portfolio-based provisions for litigation.

Governmental measures and compulsory contributions

Governmental measures and compulsory contributions comprise bank levies, resolution funds and deposit insurance fees.

Impairment losses on financial assets

Impairment losses on financial assets consist of impairment losses on financial assets measured at fair value through other comprehensive income and impairment losses on financial assets measured at amortized cost.

Income taxes

RBI AG as group parent and 51 of its consolidated domestic subsidiaries are members of a tax group. Current taxes are calculated on the basis of taxable income for the current year taking into account the tax group (in terms of a tax group allocation). If RBI AG generates a negative taxable net income and these taxable losses are not usable in the group, then the group parent does not immediately pay a negative tax group allocation. Only and after withdrawal from the tax group at the latest, a final settlement is carried out. The taxable income deviates from the profit/loss before tax of the consolidated statement of comprehensive income due to expenses and income which are taxable or tax-deductible in the following years or which are never taxable or tax-deductible. The liability of the Group for current taxes is recognized on the basis of the actual tax rate or the expected applicable tax rate.

Deferred taxes are calculated and recognized in accordance with IAS 12 applying the liability method. Deferred taxes are based on all temporary differences that result from comparing the carrying amounts of assets and liabilities in the IFRS accounts with the tax bases of assets and liabilities, and which will reverse in the future. Deferred taxes are calculated by using tax rates applicable in the countries concerned. A deferred tax asset should also be recognized on tax loss carry forwards if it is probable that sufficient taxable profit will be generated against which the tax loss carry-forwards can be utilized within the same entity. On each reporting date, the carrying amount of the deferred tax assets is reviewed and impaired if it is no longer probable that sufficient taxable income will become available in order to partly or fully realize the tax assets. Deferred tax assets are offset against deferred tax liabilities for each subsidiary to the extent that offsetting is permitted. Income tax credits and income tax obligations are recorded under the items current and deferred tax assets and current and deferred tax liabilities.

Current taxes and movements of deferred taxes are recognized in the income statement unless they are linked to items which are recognized in other comprehensive income, in which case the current and deferred taxes are also directly recognized in other com-prehensive income.

IFRIC 23 is to be applied to the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates when there is uncertainty over income tax treatments under IAS 12. RBI is required to use judgment to determine whether each tax treatment should be considered independently or whether some tax treatments should be considered together. If RBI concludes that it is not probable that a particular tax treatment is accepted, it has to use the most likely amount or the expected value of the tax treatment. Otherwise, it uses the tax treatment that is consistent with its income tax filings. An entity has to reassess its judgments and estimates if facts and circumstances change.

Other comprehensive income

Other comprehensive income comprises all income and expenses directly recognized in equity according to IFRS standards. Income and expenses recognized directly in equity that are reclassified in the income statement are reported separately from income and expenses recognized directly in equity that are not reclassified in the income statement. Currency differences resulting from the translation of equity in subsidiaries held in foreign currency, changes resulting from the hedging of net investments in a foreign entity (capital hedge), the effective part of a cash flow hedge, changes resulting from valuation of financial assets (debt instruments) of the category FVOCI, proportionate other comprehensive income from associates accounted for at equity as well as deferred taxes on the mentioned items are recognized in other comprehensive income.

Revaluations of defined benefit plans, valuation changes of financial assets (equity instruments) of the category FVOCI, valuation changes on account of the change in the own default risk of financial liabilities at fair value, proportionate other comprehensive income from associates as well as deferred taxes on the mentioned items are reported in other comprehensive income and are not reclassified to the income statement.

Fiduciary business

Transactions arising from the holding and placing of assets on behalf of third parties are not shown in the statement of financial position. Fees arising from these transactions are shown under net fee and commission income.

Insurance contracts

Liabilities arising from insurance contracts change depending on changes in interest rates, income from investments and expenses for pension agreements for which future mortality rates cannot be reliably predicted. IFRS 4 must be applied to the reporting of liabilities resulting from the existence of mortality rate risks and discretionary participation features. All assets associated with pension products are reported in accordance with IFRS 9. Liabilities are recorded under other liabilities.

Own shares

Own shares of RBI AG at the reporting date are deducted directly from equity. Gains and losses on own shares have no impact on the income statement.

Statement of cash flows

The statement of cash flows shows the structure and changes in cash and cash equivalents during the financial year and is broken down into three sections:

- Net cash from operating activities
- Net cash from investing activities
- Net cash from financing activities

Net cash from operating activities comprises inflows and outflows from the company's principal revenue-producing activities and other activities that are not investing or financing activities. When using the indirect method to determine cash flows from operating activities, the profit/loss before tax from the income statement is adjusted by eliminating non-cash components and adding back cash related changes in assets and liabilities. In addition, the income and expense items attributable to investment or financing activities are deduct-ed. The interest, dividend and tax payments from operating activities are separately stated in their own rows.

Net cash from investing activities shows inflows and outflows from debt instruments (securities held for long-term investment) and equity participations (subsidiaries not fully consolidated, associates and investments), tangible fixed assets and intangible fixed assets, proceeds from disposal of Group assets, and payments for acquisition of subsidiaries.

Net cash from financing activities consists of inflows and outflows of equity and subordinated capital. This primarily covers inflows from capital increases, outflows for dividend payments, and inflows and outflows of subordinated capital.

Cash and cash equivalents comprise the item on the statement of financial position cash, cash balances at central banks and other demand deposits.

As RBI is a consolidated group consisting of multiple credit institutions, the informational value of the cash flow statement is regarded as low. The cash flow statement is not an instrument that can be deployed for liquidity or budget planning purposes, nor is it used as a management tool by RBI.

Segment reporting

Notes on segment reporting are to be found in the section segment reporting.

Notes on the nature and extent of risks

Information about risks arising from financial instruments is disclosed in the explanatory notes. The risk report particularly contains detailed information on credit risk, country risk, concentration risk, market risk and liquidity risk.

Capital management

Information on capital management, regulatory capital and risk-weighted assets is disclosed in the notes under (72) Capital management and total capital according to CCR/CRD IV and Austrian Banking Act (BWG).

Application of new and revised standards

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 (Interest Rate Benchmark Reform – phase 2; effective date: 1 January 2021)

In course of the IBOR reform existing reference rates (IBORs: Interbank Offered Rates) will be replaced with alternative risk-free rates. IBORs are used to set interest rates on a wide range of financial products and contracts. Based on a recommendation of the FSB (Financial Stability Board), these interest rates were subjected to an extensive analysis and a reform of the relevant IBORs was initiated. For the Eurozone, this implies that the underlying calculation method of the EURIBOR has been reformed and that the EONIA (Euro Over Night Index Average) will be replaced by the newly developed €STR (Euro Short-Term Rate). Regarding the LIBOR interest rates, there will be a replacement of the existing interest rates by alternative interest rates. In this context, the USD LIBOR and the GBP LIBOR, among others, are replaced by the interest rates SOFR (Secured Overnight Financing Rate) and SONIA (Sterling Overnight Index Average). Both EONIA and most LIBOR interest rates will no longer be available from 1 January 2022 onwards. Regarding USD LIBOR, interest rates on terms 1w and 2m will also be replaced on 1 January 2022, while all other terms are expected to be available until 30 June 2023. There is currently no fixed timeframe for the replacement of the reformed EURIBOR. It can be assumed that there will be no replacement in the immediate future.

The amendments of the Interest Rate Benchmark Reform – phase 2 address the impact on financial reporting of circumstances where a reference interest rate is replaced by another reference interest rate. In this context, the amendments provide practical relief for modifications that are directly attributable to the IBOR reform and are carried out on an economically equivalent basis. Appropriate modifications can be recognized in the financial statements by adjusting the effective interest rate. In addition, the amendments also relate to hedge accounting. Based on the relief, adjustments relating to the IBOR reform do not result in the termination of the recognition of an existing hedging relationship in the financial statements. Instead, hedging relationships and the corresponding documentation are changed to reflect the new conditions. The amendments are effective for reporting periods beginning on or after 1 January 2021.

Coordinated by Group Treasury, each affected Group unit has been preparing for the reform since 2020 in order to ensure a smooth transition to the new risk-free interest. This is carried out in specific local projects or is coordinated in the ongoing operations of the affected local departments, mostly treasury, risk management, customer management, accounting and legal. Management and supervisory board members are regularly informed about the progress of the relevant processes and the associated risks. Currently, the focus is particularly on the replacement of LIBOR interest rates.

The Group has IBOR-related positions particularly in the field of derivatives, which are mainly held for hedging purposes, as well as in loans and deposits, bonds and its own issues. For the purpose of preparing the transition, information on the date and methods of the transition were analyzed and necessary adjustments to contracts, systems and processes were identified. The most relevant inherent risks in this context include strategic business risks, legal risks, operational risks, model risks, accounting risks and IT risks.

The following tables show the carrying amounts of the non-derivative financial assets and liabilities that contain a contractually agreed reference interest rate that is being replaced:

2021 in € million	EONIA	EUR LIBOR	USD LIBOR	GBP LIBOR	CHF LIBOR	JPY LIBOR
Other demand deposits at banks	5	0	33	14	0	0
Loans and advances	713	83	3,116	250	2,127	3
Debt securities	0	0	79	0	0	0
Total	**718**	**83**	**3,228**	**264**	**2,127**	**3**

2021 in € million	EONIA	EUR LIBOR	USD LIBOR	GBP LIBOR	CHF LIBOR	JPY LIBOR
Deposits	1,161	56	347	14	18	1
Debt securities issued	0	0	0	0	0	0
Other financial liabilities	0	0	0	0	0	0
Total	**1,161**	**56**	**347**	**14**	**18**	**1**

The following table shows the nominal values of the derivatives that contain a contractually agreed reference interest rate that is being replaced:

2021 in € million	EONIA	EUR LIBOR	USD LIBOR	GBP LIBOR	CHF LIBOR	JPY LIBOR
Derivatives	852	23	9,572	23	1,399	0
Derivatives in hedge accounting	0	0	1,536	26	0	0
Total	**852**	**23**	**11,109**	**49**	**1,399**	**0**

Market developments and risks related to the IBOR reform will be carefully monitored continuously. So far, there have been no material effects on the financial and earnings position of the Group.

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

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

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

The amendment provides lessees with an exemption from assessing whether a COVID-19-related rent concession (e.g. rent-free periods or temporary rent reductions) is a lease modification. Lessees that apply the exemption must account for COVID-19-related rent concessions as if they were not lease modifications. The amendment applies to rent concessions that reduce rent payments due on or before 30 June 2021. The amendment originally applied to rent concessions that reduce rent payments due on or before 30 June 2021. This period has since been extended to 30 June 2022. The adoption into European law took place on 9 October 2020. These exemptions are not applied to RBI as a lessee.

Outside of these amendments, there have been no material changes to the Group's recognition and measurement methods from the 2020 annual report.

Standards and interpretations not yet applicable (already endorsed by the EU)

The following new or amended standards and interpretations, which have been adopted, but are not yet mandatory, have not been applied early. Unless otherwise stated, the application of the following standards and interpretations is not currently expected to have any material impact on RBI.

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

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

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

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

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

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

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

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

IFRS 17 (Insurance Contracts; effective date: 1 January 2023)

IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts within the scope of the standard. The objective of IFRS 17 is to ensure that an entity provides relevant information that faithfully represents those contracts. This information gives a basis for users of financial statements to assess the effect that insurance contracts have on the entity's financial position, financial performance and cash flows. IFRS 17 was published in May 2017 and applies to annual reporting periods beginning on or after 1 January 2023. The impact on the Group is still being analyzed and relate to UNIQA Insurance Group AG, Vienna, which is measured and accounted for using the equity method and included in RBI's consolidated financial statements, and the fully consolidated subsidiary Raiffeisen Pension Insurance d.d., Zagreb.

Standards and interpretations not yet applicable (not yet endorsed by the EU)

Unless otherwise stated, the application of the following standards and interpretations is not currently expected to have any material impact on RBI.

Amendment to IAS 1 (Classification of Liabilities as Current or Non-current; effective date: 1 January 2023)

The amendments to IAS 1 aim to clarify the criteria used to classify liabilities as current or non-current. In the future, the classification of liabilities should be solely based on rights that are in existence at the end of the reporting period. The amendments also contain additional guidance for interpreting the right to defer settlement by at least twelve months and make clear what constitutes settlement.

Amendment to IAS 1 (Disclosure of Accounting Policies; effective date: 1 January 2023)

In the future, only material accounting policies will be disclosed in the notes. The amendments consist mostly of wording changes and are intended to clarify and ensure uniform application.

Amendment to IAS 8 (Changes of Accounting Policies; effective date: 1 January 2023)

This amendment aims to better distinguish between changes in accounting policies (retrospective change) and changes in accounting estimates (prospective change). An accounting estimate is always based on uncertainty involved in measuring a financial figure in the financial statements. A change in a measurement method used to obtain an estimate constitutes a change in accounting estimate unless it is the result of a correction of prior period errors.

Amendment to IAS 12 (Deferred Tax from a Single Transaction; effective date: 1 January 2023)

The main change in deferred tax related to assets and liabilities arising from a single transaction (amendments to IAS 12) is an exemption from the initial recognition exemption provided in IAS 12.15(b) and IAS 12.24. Accordingly, the initial recognition exemption does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition. This is also explained in the newly inserted paragraph IAS 12.22A.

Key figures

Alternative Performance Measures (APM)

The Group uses alternative performance measures in its financial reporting, not defined by IFRS or CRR regulations, to describe RBI Group's financial position and performance. These should not be viewed in isolation but treated as supplementary information.

For the purpose of the analysis and description of the performance and the financial position these ratios are commonly used within the financial industry. The special items used below to calculate some alternative performance measures arise from the nature of Group's business, i.e. that of a universal banking group. However, it is to mention that the definitions mostly vary between companies. Please find the definitions of these ratios below.

Consolidated return on equity – Consolidated profit less dividend on additional tier 1 capital in relation to average consolidated equity (i.e. the equity attributable to the shareholders of RBI). Average consolidated equity is based on month-end figures excluding non-controlling interests and does not include current year profit.

Cost/income ratio is an economic metric and shows the company's costs in relation to its income. The ratio gives a clear view of operational efficiency. Banks use the cost/income ratio as an efficiency measure for steering the bank and for easily comparing its efficiency with other financial institutions. General administrative expenses in relation to operating income (before impairment) are calculated for the cost/income ratio. General administrative expenses comprise staff expenses, other administrative expenses and depreciation/amortization of intangible and tangible fixed assets. Operating income comprises net interest income, dividend income, current income from investments in associates, net fee and commission income, net trading income and fair value result, net gains/losses from hedge accounting and other net operating income.

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

Effective tax rate (ETR) – Relation of income tax expense to profit before tax. The effective tax rate differs from the company´s jurisdictional tax rate due to many accounting factors and enables a better comparison among companies. The effective tax rate of a company is the average rate at which its pre-tax profits are taxed. It is calculated by dividing total tax expense (income taxes) by profit before tax. Total tax expense includes current income taxes and deferred taxes.

Loan/deposit ratio indicates a bank's ability to refinance its loans by deposits rather than wholesale funding. It is calculated with loans to non-financial corporations and households in relation to deposits from non-financial corporations and households.

Net interest margin is used for external comparison with other banks as well as an internal profitability measurement of products and segments. It is calculated with net interest income set in relation to average interest-bearing assets (total assets less investments in subsidiaries and associates, tangible fixed assets, intangible fixed assets, tax assets and other assets).

NPE – Non-performing exposure. It contains all non-performing loans and debt securities according to the applicable definition of the EBA document Implementing Technical Standards (ITS) on Supervisory Reporting (Forbearance and non-performing exposures).

NPL – Non-performing loans. It contains all non-performing loans according to the applicable definition of the EBA document Implementing Technical Standards (ITS) on Supervisory Reporting (Forbearance and non-performing exposures).

NPE ratio is an economic ratio to demonstrate the proportion of non-performing loans and debt securities in relation to the entire loan portfolio of customers and banks, and debt securities. The ratio reflects the quality of the loan portfolio of the bank and provides an indicator for the performance of the bank's credit risk management.

NPL ratio is an economic ratio to demonstrate the proportion of non-performing loans in relation to the entire loan portfolio to customers and banks. The ratio reflects the quality of the loan portfolio of the bank and provides an indicator for the performance of the bank's credit risk management.

NPE coverage ratio describes to which extent non-performing loans and debt securities have been covered by impairments (Stage 3) thus expressing also the ability of a bank to absorb losses from its NPE. It is calculated with impairment losses on loans to customers and banks and on debt securities set in relation to non-performing loans to customers and banks and debt securities.

NPL coverage ratio describes to which extent non-performing loans have been covered by impairments (Stage 3) thus expressing also the ability of a bank to absorb losses from its NPL. It is calculated with impairment losses on loans to customers and banks set in relation to non-performing loans to customers and banks.

Operating result is used to describe the operative performance of a bank for the reporting period. It consists of operating income less general administrative expenses.

Operating income – They are primarily income components of the ongoing business operations (before impairment). It comprises net interest income, dividend income, current income from investments in associates, net fee and commission income, net trading income and fair value result, net gains/losses from hedge accounting and other net operating income.

Provisioning ratio is an indicator for development of risk costs and provisioning policy of an enterprise. It is computed by dividing impairment or reversal of impairment on financial assets (customer loans) by average customer loans (categories: financial assets measured at amortized cost and financial assets at fair value through other comprehensive income).

Return on assets (ROA before/after tax) is a profitability ratio and measures how efficiently a company can manage its assets to produce profits during a period. It is computed by dividing profit before tax/after tax by average assets (based on total assets, average means the average of year-end figure and the relevant month´s figures).

Return on equity (ROE before/after tax) provides a profitability measure for both management and investors by expressing the profit for the period as presented in the income statement as a percentage of the respective underlying (either equity or total assets). Return on equity demonstrates the profitability of the bank on the capital invested by its shareholders and thus the success of their investment. Return on equity is a useful measure to easily compare the profitability of a bank with other financial institutions. Return on the total equity including non-controlling interests, i.e. profit before tax respectively after tax in relation to average equity on the statement of financial position. Average equity is calculated on month-end figures including non-controlling interests and does not include current year profit.

Return on risk-adjusted capital (RORAC) is a ratio of a risk-adjusted performance management and shows the yield on the risk-adjusted capital (economic capital). The return on risk-adjusted capital is computed by dividing consolidated profit by the risk-adjusted capital (i.e. average economic capital). This capital requirement is calculated within the economic capital model for credit, market and operational risk.

Total capital specific key figures

Common equity tier 1 ratio – Common equity tier 1 as a percentage of total risk-weighted assets (RWA) according to CRR/CRD IV regulation.

Leverage ratio – The ratio of tier 1 capital to all exposures on and off the statement of financial position insofar as they are not deducted when determining the capital measurand. The calculation is in accordance with the methodology set out in CRD IV.

Total risk-weighted assets (RWA) – Risk-weighted assets (credit risk, CVA risk) including market risk and operational risk.

Tier 1 ratio – Tier 1 capital to total risk-weighted assets (RWA).

Total capital ratio – Total capital as a percentage of total risk-weighted assets (RWA).

List of abbreviations

BWG	Austrian Banking Act (Bankwesengesetz)
CDS	Credit Default Swap
CE	Central Europe
CEE	Central and Eastern Europe
CET 1	Common Equity Tier 1
CoE	Cost of Equity
CRR	Capital Requirements Regulation
DCF	Discounted Cash-Flow
EAD	Exposure at Default
EBA	European Banking Authority
ECL	Expected Credit Losses
EE	Eastern Europe
ECB	European Central Bank
ESAEG	Deposit Protection and Investor Compensation Act (Einlagensicherungs- und Anlegerentschädigungsgesetz)
FMA	Financial Market Authority
FMSB	Financial Market Stability Board
GDP	Gross Domestic Product
HQLA	High Quality Liquid Assets
IAS/IFRS	International Accounting Standards/International Financial Reporting Standards
IBOR	Interbank Offered Rate
IPS	Institutional Protection Scheme
IRB	Internal Ratings Based
ITS	Implementing Technical Standards
LCR	Liquidity Coverage Ratio
LGD	Loss Given Default
MREL	Minimum Requirement for Own Funds and Eligible Liabilities
NPE	Non-Performing Exposure
NPL	Non-Performing Loans
NSFR	Net Stable Funding Ratio
OTC	Over The Counter
PD	Past Due
PEPP	Pandemic Emergency Purchase Programme
POCI	Purchased or Originated Credit Impaired
RBI	Raiffeisen Bank International Group
RBI AG	Raiffeisen Bank International Aktiengesellschaft
RWA	Risk-Weighted Assets
RORAC	Return on Risk Adjusted Capital
SA	Standardized Approach
SA-CCR	Standardized Approach to Counterparty Credit Risk
SEE	Southeastern Europe
SICR	Significant Increase in Credit Risk
SIRP	Special Interest Rate Period
SRB	Systemic Risk Buffer
SREP	Supervisory Review and Evaluation Process
TLTRO	Targeted Longer-Term Refinancing Operations
VaR	Value-at-Risk
WACC	Weighted Average Cost of Capital

Events after the reporting date

Reduction in the corporate tax rate in Austria

In Austria, a tax reform which sees a gradual reduction in the corporate tax rate from 25 per cent to 23 per cent (2023: 24 per cent, from 2024: 23 per cent) was announced in October 2021. As the enactment of the reform came into force in January 2022, this is a non-adjusting event for the financial year 2021.

Vienna, 8 February 2022

The Management Board

Johann Strobl

Andreas Gschwenter

Łukasz Januszewski

Peter Lennkh

Hannes Mösenbacher

Andrii Stepanenko

Statement of legal representatives

We confirm to the best of our knowledge that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group as required by the applicable accounting standards and that the Group management report gives a true and fair view of the development and performance of the business and the position of the Group, together with a description of the principal risks and uncertainties the Group faces.

Vienna, 8 February 2022

The Management Board

Johann Strobl

Chief Executive Officer responsible for Group Marketing, Active Credit Management, Group ESG & Sustainability Management, Legal Services, Chairman's Office, Group Communications, Group Executive Office, Group People & Organisational Innovation, Group Internal Audit, Group Investor Relations, Group Financial Reporting & Steering, Group Finance Task Force, Group Finance Services, Group Subsidiaries & Equity Investments, Group Tax Management, Group Treasury, Sector Marketing and Group Strategy

Andreas Gschwenter

Member of the Management Board responsible for Group Core IT, Group Data, Group Efficiency Management, Group IT Delivery, Group Procurement, Outsourcing & Real Estate Management, Group Security, Resilience & Portfolio Governance, Customer Data Services and Head Office Operations

Łukasz Januszewski

Member of the Management Board responsible for Group Asset Management (via RCM), Group Capital Markets Corporates & Retail Sales, Group Capital Markets Trading & Institutional Sales, Group Investment Banking, Group Investor Services, Group MIB Business Management & IC Experience, Institutional Clients and Raiffeisen Research

Peter Lennkh

Member of the Management Board responsible for Corporate Customers, Corporate Finance, Group Corporate Business Strategy & Steering, International Leasing Steering & Product Management and Trade Finance & Transaction Banking

Hannes Mösenbacher

Member of the Management Board responsible for Financial Institutions, Country & Portfolio Risk Management, Group Advanced Analytics, Group Compliance, Group Corporate Credit Management, Group Regulatory Affairs & Data Governance, Group Risk Controlling, Group Special Exposures Management, International Retail Risk Management, RCB Retail Risk Management and Sector Risk Controlling Services

Andrii Stepanenko

Member of the Management Board responsible for International Premium & Private Banking, International Retail Customer Success & Monetization, International Retail Lending, International Digital Business & Omnichannel Experience, Digital Bank, International Retail Payments and International Small Business Banking & CX

Independent auditor's report

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Raiffeisen Bank International AG, Vienna, and its subsidiaries (the Group), which comprise the statement of financial position as at 31 December 2021, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the financial year then ended, and notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements comply with legal require-ments and give a true and fair view of the financial position of the Group as at 31 December 2021, and of its consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and the additional requirements under section 245a UGB (Austrian Commercial Code) and the Austrian Banking Act.

Basis for Opinion

We conducted our audit in accordance with the Regulation (EU) No. 537/2014 and the Austrian Standards on Auditing. Those standards require the application of the International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with laws and regulations applicable in Austria and we have fulfilled our other professional responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

1. Expected credit losses for loans and advances to non-financial corporations and households

2. Adequacy of Provision for Foreign Currency Loans in the branch in Poland

1. Expected credit losses for loans and advances to non-financial corporations and households

Description and Issue

Loans and advances to non-financial corporations and households are reported under the balance sheet item "Financial assets - amortized cost" with an amount of EUR 87,8 billion after deduction of valuation allowances of EUR 2.5 billion. Loans and advances to non-financial corporations are EUR 50,1 billion and loans and receivables to households are EUR 37.7 billion.

The Management Board describes the process for monitoring credit risk and the procedure for determining impairment losses in Note 35 "Credit quality analysis", Note 37 "Expected credit losses", and Note 52 "Credit risk" in the Risk Report and in the chapter "Recognition and Measurement Principles" in the Notes.

Calculations of expected credit losses for individually significant exposures in default are based on the expected recoveries according to weighted scenarios. These are influenced by the assessment of the economic situation and development of the respective customer, the valuation of collateral, and the estimate of the amount and timing of the recoveries derived from these. The allowances for individually non-significant receivables are determined on the basis of common risk characteristics. The valuation parameters are based on statistical data as well as assumptions about future developments.

For all other receivables, the expected credit loss for the next twelve months or – in case of a significant increase in credit risk since initial recognition – for the entire remaining lifetime is recognized (Stage 1 and Stage 2).

Significant estimates and assumptions are required in determining the expected credit loss. These include rating-based probabilities of default and loss rates that take into account present and forward-looking information.

In situations where the input parameters, assumptions and models do not cover all relevant risk factors, the Bank temporarily uses post-model adjustments and adjustments for other risk factors.

The calculation of expected credit losses and the additional provisions from the post-model adjustments and the adjustments for other risk factors are based on assumptions and estimates that give rise to significant uncertainties with regard to the amount of the expected credit losses. Therefore, we have determined the expected credit losses for loans and advances to non-financial corporations and households as a key audit matter.

Our response

In testing expected credit losses for loans and advances to non-financial corporations and households, we performed the following significant audit procedures:

- We assessed the methodologies used to determine expected credit losses and their compliance with IFRS.
- We analyzed the documentation of the processes of monitoring loans and risk provisioning, and critically assessed whether these processes are suitable for identifying loan losses and adequately reflecting the recoverability of exposures. We also assessed the processes and tested key controls regarding their design and implementation, including the relevant IT systems, and tested their effectiveness on a sample basis.
- By performing analytical audit procedures, we examined the development of receivables in terms of quality, type of care, rating and level allocation compared with the previous year.
- We tested individual exposures selected on the basis of a sample determined according to risk criteria. For defaulted loans, we assessed the Bank's estimates of the amount and timing of recoveries, taking into account collateral, and examined whether the assumptions used in the calculation were appropriate and derivable from internal or external evidence. For non-defaulted loans, we examined whether indicators of default exist.
- In order to assess the appropriateness of the expected credit losses for non-defaulted loans (Stage 1 and Stage 2), we examined the plausibility of assumptions and the statistical/mathematical appropriateness of the models used, as well as the proper application of the models, with the assistance of specialists. In particular, we examined the assumptions in connection with forward-looking information and post-model adjustments and adjustments for other risk factors. Furthermore, we examined the appropriateness of the assumptions "probability of default", "loss given default" and the level allocation model, taking into account the results of the bank's internal validations, and reperformed selected calculation steps. In addition, internal IT specialists tested the effectiveness of key automated controls of the IT systems relevant for the calculation.
- Finally, we assessed whether the disclosures in the notes to the consolidated financial statements regarding the calculation of expected credit losses and the significant assumptions and estimation uncertainties are appropriate.

2. Adequacy of Provision for Foreign Currency Loans of the branch in Poland

Description and Issue

As of December 31, 2021, the Bank has recorded a provision in connection with foreign currency loans of the branch in Poland in the amount of EUR 364 million.

The Management Board describes the legal risk, the procedure for determining the provision and related uncertainties in the chapter "Poland" in Note 56 "Pending legal issues" of the notes to the consolidated financial statements.

Due to the numerous open legal questions, the lack of clear answers by the competent courts, including the supreme courts, and the necessary assumptions about the future behavior of borrowers and former borrowers, there are considerable estimation uncertainties and scope for judgment in determining the amount of the provision, which is why we have determined the adequacy of the provision for foreign currency loans of the branch in Poland to be a key audit matter.

Our Response

In particular, we performed the following audit procedures in testing the adequacy of the provision:

- We assessed the Bank's processes and controls for determining the provision, including the key controls applied, and their suitability for ensuring the determination of an appropriate provision.
- We verified the plausibility and critically assessed the Bank's method for determining the provision, including the derivation of the underlying assumptions and their appropriateness.
- We verified the mathematical accuracy of the Bank's calculations.
- We obtained information on the pending lawsuits from the lawyers involved, critically assessed this information and reconciled the list of lawsuits in the lawyers' letters with the bank's data on a sample basis.
- We have considered in our audit the findings from the review of the current Polish judicature with regard to foreign currency loans.
- We reviewed the disclosure of the risks in the notes to the consolidated financial statements for appropriateness.

Other Matter – Previous year's consolidated financial statements

The consolidated financial statements of the Group as of December 31, 2020 were audited by another auditor who expressed an unqualified opinion on these consolidated financial statements on February 26, 2021.

Other Information

The legal representatives are responsible for the other information. Other information comprises all information in the "Annual Report subject to final Supervisory Board examination" and in the Annual Report (after final Supervisory Board), and in the Sustainability Report (separate consolidated non-financial report), but does not include the consolidated financial statements, the consolidated management report and the auditor's report. The Annual Report (final Supervisory Board) and the Sustainability Report are expected to be made available to us after the date of the auditor's report.

Our opinion on the consolidated financial statements does not cover this other information and we do not and will not express any form of assurance conclusion thereon. With respect to the information in the consolidated management report we refer to the section "Report on the Consolidated Management Report".

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether it is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on our work performed on the other information obtained before the date of the auditor's report, we conclude that there has been a material misstatement of such other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and the Audit Committee for the Consolidated Financial Statements

Management is responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, the additional requirements under section 245a UGB and the Austrian Banking Act, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The audit committee is responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with EU rules and Austrian Generally Accepted Auditing Standards, which require the application of the ISAs, will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Regulation (EU) 537/2014 and with Austrian Generally Accepted Auditing Standards, which require the application of the ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that give a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the audit committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the audit committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the audit committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Consolidated Management Report

Pursuant to Austrian Commercial Code, the consolidated management report is to be audited as to whether it is consistent with the consolidated financial statements and whether it has been prepared in accordance with the applicable legal requirements.

Management is responsible for the preparation of the consolidated management report in accordance with the Austrian Commercial Code.

We conducted our audit in accordance with laws and regulations applicable with respect to the consolidated management report.

Opinion

In our opinion, the consolidated management report attached is prepared in accordance with the applicable legal requirements, the disclosures pursuant to section 243a UGB are appropriate, and it is consistent with the consolidated financial statements.

Statement

Based on the findings during the audit of the consolidated financial statements and due to the thus obtained understanding concerning the Group and its circumstances no material misstatements in the consolidated management report came to our attention.

Additional Information in Accordance with Article 10 of EU Regulation (EU) 537/2014

We were elected as auditor of the Group at the annual general shareholders' meeting on 20 October 2020 for the fiscal year ending on 31 December 2021 and mandated by the chairman of the Supervisory Board on 9 December 2020. Furthermore, we were elected as auditor at the annual general shareholders' meeting on 22 April 2021 for the subsequent fiscal year and mandated by the chairman of the Supervisory Board on 16 August 2021.

We have been the auditor, without interruption since the financial year ending 31 December 2021.

We confirm that the audit opinion in the section "Report on the Consolidated Financial Statements" is consistent with the additional report to the audit committee referred to in article 11 of the EU regulation.

We declare that no prohibited non-audit services (article 5 par. 1 of the EU regulation) were provided by us and that we remained independent from the Group in conducting the audit.

Engagement Partner

The engagement partner responsible for the audit is Peter Bitzyk.

Vienna

14 February 2022

Deloitte Audit Wirtschaftsprüfungs GmbH

(signed by:)

Peter Bitzyk

Certified Public Accountant

Publication or sharing with third parties of the consolidated financial statements together with our auditors' opinion is only allowed if the financial statements and the management report are identical with the audited version. This audit opinion is only applicable to the German and complete financial statements with the management report. Section 281 para 2 UGB applies to alternated versions.

This translation is for convenience purposes only.

Only the German original is legally valid and binding.

Service

Addresses

Raiffeisen Bank International AG

Austria
Am Stadtpark 9
1030 Vienna
Tel: +43-1-71 707-0
SWIFT/ BIC: RZBATWW
www.rbinternational.com

CEE banking network

Albania
Raiffeisen Bank Sh.A.
Rruga "Tish Daija"
Kompleksi Kika 2
1000 Tirana
Tel: +355-4-23 81 381
SWIFT/BIC: SGSBALTX
www.raiffeisen.al

Belarus
Priorbank JSC
V. Khoruzhey St. 31A
220002 Minsk
Tel: +375-17-28 9-9090
SWIFT/BIC: PJCBBY2X
www.priorbank.by

Bosnia and Herzegovina
Raiffeisen Bank d.d.
Bosna i Hercegovina
Zmaja od Bosne bb
71000 Sarajevo
Tel: +387-33-75 50 10
SWIFT/BIC: RZBABA2S
www.raiffeisenbank.ba

Bulgaria
Raiffeisenbank (Bulgaria) EAD
55 Nikola I. Vaptzarov Blvd.
Business Center
EXPO 2000 PHAZE III
1407 Sofia
Tel: +359-2-91 985 101
SWIFT/BIC: RZBBBGSF
www.rbb.bg

Croatia
Raiffeisenbank Austria d.d.
Magazinska cesta 69
10000 Zagreb
Tel: +385-72-626 262
SWIFT/BIC: RZBHHR2X
www.rba.hr

Czech Republic
Raiffeisenbank a.s.
Hvězdova 1716/2b
14078 Prague 4
Tel: +420-412 440 000
SWIFT/BIC: RZBCCZPP
www.rb.cz

Hungary
Raiffeisen Bank Zrt.
Váci út 116-118
1133 Budapest
Tel: +36-1-48 444-00
SWIFT/BIC: UBRTHUHB
www.raiffeisen.hu

Kosovo
Raiffeisen Bank Kosovo J.S.C.
Robert Doll St. 99
10000 Pristina
Tel: +383-38-222 222
SWIFT/BIC: RBKOXKPR
www.raiffeisen-kosovo.com

Romania
Raiffeisen Bank S.A.
Calea Floreasca 246C
014476 Bucharest
Tel: +40-21-30 610 00
SWIFT/BIC: RZBRROBU
www.raiffeisen.ro

Russia
AO Raiffeisenbank
Troitskaya St. 17, Bld. 1
129090 Moscow
Tel: +7-495-721 99 00
SWIFT/BIC: RZBMRUMM
www.raiffeisen.ru

Serbia
Raiffeisen banka a.d.
Djordja Stanojevica 16
11070 Novi Beograd
Tel: +381-11-32 021 00
SWIFT/BIC: RZBSRSBG
www.raiffeisenbank.rs

Slovakia
Tatra banka, a.s.
Hodžovo námestie 3
81106 Bratislava 1
Tel: +421-2-59 19-1000
SWIFT/BIC: TATRSKBX
www.tatrabanka.sk

Ukraine
Raiffeisen Bank JSC
Leskova St. 9
01011 Kiev
Tel: +38-044-490 8888
SWIFT/BIC: AVALUAUK
www.raiffeisen.ua

Leasing companies

Austria
Raiffeisen-Leasing
Gesellschaft m.b.H.
Mooslackengasse 12
1190 Vienna
Tel: +43-1-71 601-0
www.raiffeisen-leasing.at

Albania
Raiffeisen Leasing Sh.a.
Rruga "Tish Daija"
Kompleksi "Haxhiu" Godina 1
Kati 7-te
1000 Tirana
Tel: +355-4-22 749 20
www.raiffeisen-leasing.al

Belarus
„Raiffeisen-Leasing" JLLC
V. Khoruzhey St. 31 A
220002 Minsk
Tel: +375-17-28 9-9394
www.rl.by

Bosnia and Herzegovina
Raiffeisen Leasing d.o.o. Sarajevo
Zmaja od Bosne bb.
71000 Sarajevo
Tel: +387-33-254 340
www.rlbh.ba

Bulgaria
Raiffeisen Leasing Bulgaria OOD
32A Cherni Vrah Blvd. Fl.6
1407 Sofia
Tel: +359-2-49 191 91
www.rlbg.bg

Croatia
Raiffeisen Leasing d.o.o.
Magazinska cesta 69
10000 Zagreb
Tel: +385-1-65 9-5000
www.raiffeisen-leasing.hr

Czech Republic
Raiffeisen-Leasing s.r.o.
Hvězdova 1716/2b
14000 Prague 4
Tel: +420-2-215 116 11
www.rl.cz

Hungary
Raiffeisen Corporate Lízing Zrt.
Váci út 116-118
1133 Budapest
Tel: +36-1-486 5177
www.raiffeisenlizing.hu

Kosovo
Raiffeisen Leasing Kosovo LLC
Rr. UCK p.n.222
10000 Pristina
Tel: +383-38-222 222-340
www.raiffeisenleasing-kosovo.com

Romania
Raiffeisen Leasing IFN S.A.
Calea Floreasca 246 D
014476 Bucharest
Tel: +40-21-30 644 44
www.raiffeisen-leasing.ro

Russia
OOO Raiffeisen-Leasing
Smolenskaya-Sennaya Sq. 28
119121 Moscow
Tel: +7-495-72 1-9980
www.raiffeisen-leasing.ru

Serbia
Raiffeisen Leasing d.o.o.
Djordja Stanojevica 16
11070 Novi Beograd
Tel: +381-11-220 7400
www.raiffeisen-leasing.rs

Slovakia
Tatra-Leasing s.r.o.
Hodžovo námestie 3
811 06 Bratislava
Tel: +421-2-5919-5919
www.tatraleasing.sk

Slovenia
Raiffeisen Leasing d.o.o.
Letališka cesta 29a
1000 Ljubljana
Tel: +386-8-281-6200
www.raiffeisen-leasing.si

Ukraine
LLC Raiffeisen Leasing
Stepan Bandera Av. 9
Build. 6 Office 6-201
04073 Kiev
Tel: +38-044-590 24 90
www.rla.com.ua

Branches and representative offices – Europe

France
RBI Representative Office Paris
9-11 Avenue Franklin D. Roosevelt
75008 Paris
Tel: +33-1-45 612 700

Germany
RBI Frankfurt Branch
Wiesenhüttenplatz 26
60329 Frankfurt
Tel: +49-69-29 921 924

Poland
RBI Poland Branch
Ul. Grzybowska 78
00-844 Warsaw
Tel: +48 22 5785600

Sweden
RBI Representative Office
Nordic Countries
Drottninggatan 89, 14th Floor
11360 Stockholm
Tel: +46-8-440 5086

United Kingdom
RBI London Branch
Tower 42, Leaf C 9th Floor
25 Old Broad Street
London EC2N 1HQ
Tel: +44-20-79 33-8000

Branches and representative offices – Asia

China
RBI Beijing Branch
Unit 700 (7th Floor), Building No. 6
Jianguomenwai Dajie 21
100020 Beijing
Tel: +86-10-65 32-3388

India
RBI Representative Office Mumbai
501, Kamla Hub,
Gulmohar Rd, Juhu
Mumbai 400049
Tel: +91-22-26 230 657

Korea
RBI Representative Office Korea
#1809 Le Meilleur Jongno Town
24 Jongno 1 ga
Seoul 110-888
Tel: +82-2-72 5-7951

Singapore
RBI Singapore Branch
50 Raffles Place
#31-03 Singapore Land Tower
Singapore 048623
Tel: +65-63 05-6000

Vietnam
RBI Representative Office
Ho-Chi-Minh-City
35 Nguyen Hue Str.,
Harbour View Tower
Room 601A, 6th Floor, Dist. 1
Ho-Chi-Minh-City
Tel: +842-8-38 214 718,
+842-8-38 214 719

Selected subsidiaries

Austria
Kathrein Privatbank
Aktiengesellschaft
Wipplingerstraße 25
1010 Vienna
Tel: +43-1-53 451-300
www.kathrein.at

Raiffeisen Bausparkasse
Gesellschaft m.b.H.
Mooslackengasse 12
1190 Vienna
Tel: +43-1-54 646-0
www.bausparen.at

Raiffeisen Centrobank AG
Am Stadtpark 9
1030 Vienna
Tel: +43-1-51 520-0
www.rcb.at

Raiffeisen Factor Bank AG
Mooslackengasse 12
1190 Vienna
Tel: +43-1-219 74 57-0
www.raiffeisen-factorbank.at

Raiffeisen Kapitalanlage-
Gesellschaft m.b.H.
Mooslackengasse 12
1190 Vienna
Tel: +43-1-71 170-0
www.rcm.at

Raiffeisen Wohnbaubank
Aktiengesellschaft
Mooslackengasse 12
1190 Vienna
Tel: +43-1-717 07-0
www.raiffeisen-wohnbaubank.at

Valida Holding AG
Mooslackengasse 12
1190 Vienna
Tel: +43-1-31 648-0
www.valida.at

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Austria
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www.rbinternational.com

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David Sailer (page 8/9)
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Raiffeisen NOE-Wien, Eva Kelety (page 19)

Group Investor Relations
Phone: +43-1-71 707-2089
E-mail: ir@rbinternational.com
www.rbinternational.com → Investors

Group Communications
Phone: +43-1-71 707-1298
E-mail: communications@rbinternational.com
www.rbinternational.com → Media

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http://ar2021.rbinternational.com
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