Third Quarter Report 2022

Raiffeisen Bank International

Member of RBI Group

Overview

Raiffeisen Bank International (RBI)			
Monetary values in € million	2022	2021	Change
Income statement	**1/1-30/9**	**1/1-30/9**	
Net interest income	3,591	2,352	52.7%
Net fee and commission income	2,682	1,424	88.4%
General administrative expenses	(2,574)	(2,122)	21.3%
Operating result	4,275	1,830	133.7%
Impairment losses on financial assets	(721)	(145)	398.9%
Profit/loss before tax	3,044	1,384	119.9%
Profit/loss after tax	2,907	1,155	151.8%
Consolidated profit/loss	2,801	1,055	165.5%
Statement of financial position	**30/9**	**31/12**	
Loans to banks	17,699	16,630	6.4%
Loans to customers	109,066	100,832	8.2%
Deposits from banks	40,769	34,607	17.8%
Deposits from customers	129,786	115,153	12.7%
Equity	19,385	15,475	25.3%
Total assets	219,834	192,101	14.4%
Key ratios	**1/1-30/9**	**1/1-30/9**	
Return on equity before tax	25.7%	12.9%	12.7 PP
Return on equity after tax	24.5%	10.8%	13.7 PP
Consolidated return on equity	27.6%	11.1%	16.4 PP
Cost/income ratio	37.6%	53.7%	(16.1) PP
Return on assets before tax	1.97%	1.04%	0.92 PP
Net interest margin (average interest-bearing assets)	2.49%	1.94%	0.56 PP
Provisioning ratio (average loans to customers)	0.71%	0.21%	0.50 PP
Bank-specific information	**30/9**	**31/12**	
NPE ratio	1.5%	1.6%	0.0 PP
NPE coverage ratio	61.5%	62.5%	(1.0) PP
Total risk-weighted assets (RWA)	108,496	89,928	20.6%
Common equity tier 1 ratio[1]	14.6%	13.1%	1.5 PP
Tier 1 ratio[1]	16.2%	15.0%	1.2 PP
Total capital ratio[1]	18.4%	17.6%	0.8 PP
Stock data	**1/1-30/9**	**1/1-30/9**	
Earnings per share in €	8.31	3.00	177.2%
Closing price in € (30/9)	12.21	22.68	(46.2)%
High (closing prices) in €	28.42	22.72	25.1%
Low (closing prices) in €	10.00	16.17	(38.2)%
Number of shares in million (30/9)	328.94	328.94	0.0%
Market capitalization in € million (30/9)	4,016	7,460	(46.2)%
Resources	**30/9**	**31/12**	
Employees as at reporting date (full-time equivalents)	44,024	46,185	(4.7)%
Business outlets	1,699	1,771	(4.1)%
Customers in million	17.2	19.0	(9.4)%

1 transitional – including profit

Until the sale of Raiffeisenbank (Bulgaria) EAD and its wholly-owned subsidiary Raiffeisen Leasing Bulgaria EOOD (deconsolidation as at 30 June 2022) there was a change in the statements according to IFRS 5. This business operation was classified as a disposal group held for sale and reported separately in the statement of financial position. The income statement of the prior year 2021 was adapted accordingly and reported under gains/losses from discontinued operations. The key ratios were also adjusted.

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.

Content

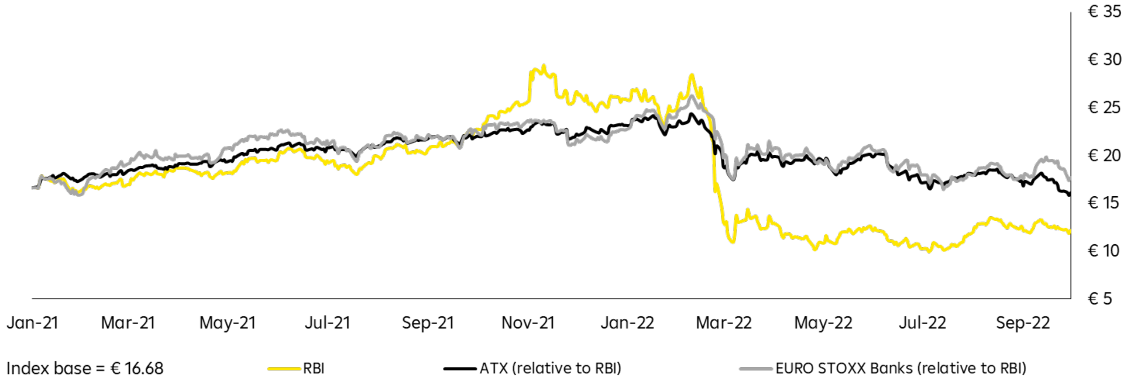
RBI in the capital markets

Performance of RBI stock

After a very volatile second quarter with price losses, stock markets trended favorably in the initial part of the third quarter. Towards the end of the quarter, however, prices fell once again, with most international indices recording new lows for the year. The main reason for the drop were growing signs of a recession in the winter half-year. As private households limit their consumption, companies are becoming much more pessimistic in their business expectations. The price declines were also precipitated by stubbornly high inflation due to large additional increases in energy prices after Russia unilaterally reduced or, in some cases, cut off gas supplies to the West. Central banks continued to tighten monetary policy in this environment. The US Fed raised its key interest rate 0.75 percentage points in both July and September. Moreover, the ECB also slowly moved away from its previously very cautious stance with a further interest rate hike of 0.75 percentage points in October. However, the current key interest rate of 2 per cent is still below the US level of 3.25 per cent. Due to the widening interest rate differential and the financial consequences of the war in Ukraine, especially for Europe, the US dollar remained strong against the euro as the EUR/USD exchange rate fell below parity for the first time in nearly 20 years.

RBI's share price started the third quarter at € 10.34 and marked its all-quarter peak of € 13.54 in August. At the end of the quarter, it was trading at € 12.21, having gained substantially by 18 per cent in the third quarter, contrary to the general trend. The Austrian stock index (ATX) lost 7 per cent in the third quarter, while the European bank index (Euro Stoxx Banks) fell 2 per cent.

Price performance since 1 January 2022 compared to ATX and Euro Stoxx Banks



Capital market communication

On 2 August 2022, RBI published its financial results for the first half-year and held a web conference on them. The Management Board explained the financials, discussing the situation in Russia and Ukraine and its potential impact on RBI in detail, and fielded additional questions from approximately 350 participants in the subsequent Q&A session.

RBI's investor relations activities aim to provide maximum transparency for capital market players through flexible and innovative information sessions. The Management Board of RBI and the Investor Relations managers participated in multiple roadshows and conferences in London and New York in the third quarter. These activities were supplemented by a host of virtual events conducted via conference calls and web conferences. In addition, Investor Relations gave analysts and equity and debt investors the opportunity to individually talk to the CEO, CRO and Investor Relations by telephone or video conference.

The main topics that investors and analysts discussed in the third quarter were the situation in Ukraine and developments in Russia as well as their potential impact on RBI. Other topics included the impact of inflation and interest rate hikes on RBI's net interest income and credit portfolio, for example.

A total of 20 equity analysts and 22 debt analysts (as at 30 September 2022) 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.

New issues

RBI issued its fourth benchmark green bond in August: The issue was significantly oversubscribed within a few hours, with an order book of € 1.7 billion. The issue proceeds will be used to finance projects and activities that will have a positive environmental impact. The bond, which has a maturity of 3 years, a coupon of 4.125 per cent and a nominal value of € 500 million, was priced at a re-offer spread of 200 basis points over the mid-swap rate on 31 August 2022. This new green bond underlines the bank's leading position as an ESG issuer in CEE and Austria.

RBI announced the issue on September 12 with a maturity of 10.25 years and a nominal value of € 500 million as its fourth benchmark issue of 2022 and first Tier 2 bond of the year. The transaction met with great interest in a positive market environment. The issue was oversubscribed several times with more than 200 participating investors and a final order book of more than € 2.5 billion. The initial spread had been communicated as 575 basis points above the mid-swap rate, but the final spread was fixed at 520 basis points above the mid-swap rate. The annual coupon is 7.375 per cent. The bond matures in December 2032.

Just a few days later, on 20 September, RBI issued its fifth benchmark bond of 2022. This was a mortgage-backed bond with a nominal value of € 500 million, and its third covered bond of the year. It is backed by a diversified mortgage cover pool, has an annual coupon of 2.875 per cent and matures in 2026. The bond was priced at 24 basis points above the mid-swap rate.

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. At the beginning of March, Standard & Poor's Financial Services announced that RBI's ratings were affirmed at A-/negative/A-2, and Moody's Investors Service affirmed RBI's ratings at A2/stable/P-1. The rating remains unchanged from the second quarter.

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+
Public-sector covered bonds	Aa2	-
Mortgage covered bonds	Aa1	-

Shareholder structure

The regional Raiffeisen banks' holding was unchanged at approximately 58.8 per cent of RBI's shares, with the remaining 41.2 per cent in free float. The shareholder base is well diversified due to the broad geographic spread and various investment objectives.

Stock data and details

Share price (closing) on 30 September 2022	€ 12.21
High/low (closing share price) in the third quarter 2022	€ 13.54/€ 10.00
Earnings per share fro 1 January to 30 September 2022	€ 8.31
Book value per share as at 30 September 2022	€ 50.76
Market capitalization as at 30 September 2022	€ 4.0 billion
Average daily trading volume (single count) in the third quarter 2022	690,711 shares
Free float as at 30 September 2022	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 30 September 2022	328,939,621

Financial Calendar 2023

25 January 2023	Start of Quiet Period
1 February 2023	Preliminary Results 2022, Conference Call
23 February 2023	Annual Financial Report 2022
20 March 2023	Record Date Annual General Meeting
30 March 2023	Annual General Meeting
4 April 2023	Ex-Dividend Date
5 April 2023	Record Date Dividend
6 April 2023	Dividend Payment Date
26 April 2023	Start of Quiet Period
5 May 2023	First Quarter Report, Conference Call
25 July 2023	Start of Quiet Period
1 August 2023	Second Quarter Report, Conference Call
24 October 2023	Start of Quiet Period
3 November 2023	Third Quarter Report Conference Call

Interim group management report

Market development

Due to its reciprocal ties with Russia, Europe is particularly feeling the effects of the sanctions imposed on Russia in response to the war in Ukraine. The US and China, on the other hand, are less affected due to their relatively weaker economic ties with Russia. A global economic crisis (deep recession) is therefore not expected, even though the Fed's monetary tightening ought to have a worldwide cooling effect. Larger cyclical effects are primarily assumed for the European countries as a consequence of their energy dependence. At the same time, it is assumed that mandatory gas consumption restrictions will not be needed this winter due to declining gas consumption and high gas storage levels. Nevertheless, the price effects of high energy prices and rapid consumer price inflation are sufficient in and of themselves to cause a recession in the euro area and the CE region, at least in the winter half-year of 2022/23. Large increases in food and energy prices have sent European inflation rates soaring until recently. Inflation is expected to remain clearly elevated in 2023 and, even after a certain normalization of commodity price dynamics, there will be no return to previous-year rates in the medium term.

In the **euro area**, the first half of 2022 experienced strong economic growth and a sharp rise in inflation. The withdrawal of COVID-19 restrictions gave a boost to the economy, particularly in the service sector. The steady rise in inflation was mainly driven by the steep increase in energy prices. It is safe to assume that the energy price shock will not subside quickly. This will have a particularly large impact on private consumption and energy-intensive industrial sectors. Survey indicators are signaling a downturn. A recession is very likely, at least in the winter half-year of 2022/23. Inflation is likely to remain well above the two per cent mark for some time to come despite the foreseeable economic weakness. However, the forecasts are highly uncertain since political decisions play a significant role (Ukraine war, sanctions, interventions to combat inflation).

As inflation has soared, the **European Central Bank (ECB)** has prioritized fighting inflation over supporting the economy. By normalizing monetary policy, the ECB aims to avoid further stimulating demand and thus inflationary pressure. As it unwinds its expansionary monetary stance, it is initially focusing on key interest rates, which it raised 50 basis points in July and 75 basis points in September. It is forecast that key interest rates will continue to be guided upwards until the end of this year and that the ECB will tighten its interest rate policy next year, at least temporarily. In addition, quantitative tightening (QT) may start in 2023. We expect it to phase out reinvestments of maturing bonds in the APP portfolio. The upcoming monetary tightening will be facilitated by the new TPI (Transmission Protection Instrument), which is designed to help prevent an unwanted increase in risk premiums for sovereigns.

The **Austrian economy** expanded very rapidly in the first half of 2022 (high quarterly GDP growth). This was partly driven by the hospitality and food service industries. However, their extremely large contributions to GDP should be viewed in the context of the pent-up demand caused by the lockdown. The economy also benefited from the industrial sector, which supported the economy in the first and second quarters despite the difficult environment. Strong economic momentum in the first half of the year is the sole reason why GDP is expected to grow around 5 per cent for the year as a whole. This is especially true given the deteriorating outlook for the second half of the year and the upcoming winter half-year in particular. A mild recession is expected for the fourth and first quarters (Q4 2022/Q1 2023), but this is reflected less in the GDP forecast for 2022 than in the one for 2023 (up 0.5 per cent). In addition to the industrial sector, private consumption will likely weigh particularly heavily on the economy in the coming winter half-year. The tourism sector's projected continued positive growth will therefore unlikely be large enough to prevent the overall economy from sliding into recession in Q4 2022/Q1 2023. However, the economy is expected to trend moderately upward again starting no later than mid-2023, driven in no small part by investment.

The first half of 2022 in **Central Europe (CE)** was characterized by a sustained economic recovery that was driven by vibrant consumption, recovering investment and inventory buildup. This has had a positive impact on the full-year 2022 GDP growth rate even though an economic slowdown began to take shape in the second quarter and will continue in the second half of the year. GDP growth is thus expected to slow to just 3.5 per cent in 2022, down from 5.4 per cent in 2021. Economic activity in the CE region is expected to slow even more in 2023 (1.0 per cent), although momentum will likely pick up again later in 2023. The negative effects of the war in Ukraine are hitting the industrial sector particularly hard. This has made the countries of the CE region particularly vulnerable, economically speaking, since the industrial sector is very important to the overall economy. Slovakia and the Czech Republic face additional economic risks due to their deep integration with the German economy, while any interruptions to Russian energy supplies pose a risk in Hungary.

Supported by strong tourism demand, the economies of **Southeastern Europe (SEE)** continued to post solid economic growth in the second quarter of 2022. The EU countries in the SEE region also benefit from investments made under the Next Generation EU program. However, economic momentum in this region – like the entire CEE region – is expected to weaken in the second half of the year due to the ongoing war in Ukraine. An interruption in energy supplies from Russia is a risk for the SEE region as well. There are few other vulnerabilities, making the projected recession in Western Europe the second most important risk factor. Southeastern European countries (except for Romania) are less vulnerable than Central Europe in the current environment since services drive their economic growth more than the industrial sector. This vulnerability should also be limited by relatively low dependence on energy imports in some countries (Romania, Albania, Serbia). GDP growth in the region is thus expected to slow to 4.5 per cent for all of 2022 (2021: 7.0 per cent) and to 2.3 per cent in 2023.

As the war in **Ukraine** continues, the economic damage to the country grows even as the future reconstruction costs rise. Although the fighting is confined to the eastern part of the country and the economy has adapted to wartime conditions thanks to bold government policies, the Ukrainian economy is still expected to contract more than 30 per cent year-on-year in 2022. An upswing is expected next year, depending on the further progress of the conflict, while large amounts of public and private funding will be needed to rebuild Ukraine after the war. In **Russia**, the effects of the war and sanctions are only gradually appearing in the economic data. All components of GDP will be affected, but consumer demand, investment and imports will be hit particularly hard. GDP is thus expected to decline around 3.5 per cent in the current year. Elements of sanctions that have already been adopted and that also affect exports will not come into full effect until 2023. As a result, the recession in the Russian economy is likely to worsen even more next year (down 4 per cent). The sanctions will also affect **Belarus**, which is headed for a noticeable recession this year (down 4 per cent), followed by stagnation in 2023. The agricultural and IT sectors proved to be pillars of the economy in the first half of 2022, but their positive momentum is likely to weaken as well. In addition, the economy is mainly supported by trade and relations with Russia, which limits the impact on selected sectors of the economy.

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

Region/country	2021	2022e	2023f	2024f
Czech Republic	3.5	2.5	0.9	3.3
Hungary	7.1	3.5	1.0	3.5
Poland	5.9	4.0	1.0	3.1
Slovakia	3.0	2.0	1.0	2.5
Central Europe	**5.4**	**3.5**	**1.0**	**3.1**
Albania	8.5	3.9	3.0	3.9
Bosnia and Herzegovina	7.5	4.5	1.8	3.5
Croatia	10.2	5.8	1.8	2.7
Kosovo	10.8	3.5	2.9	4.4
Romania	5.9	4.5	2.3	4.5
Serbia	7.5	3.3	2.4	3.0
Southeastern Europe	**7.0**	**4.5**	**2.3**	**4.0**
Belarus	2.3	(4.0)	0.0	1.0
Russia	4.7	(3.5)	(4.0)	0.9
Ukraine	3.4	(33.0)	5.0	7.5
Eastern Europe	**4.5**	**(6.5)**	**(3.4)**	**1.3**
Austria	**4.6**	**5.0**	**0.5**	**1.8**
Euro area	5.2	3.0	0.3	2.0

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

Significant events in the reporting period

RBI assesses strategic options for the future of Raiffeisenbank Russia

The war in Ukraine due to Russia's invasion, together with the devastating human consequences, sanctions and uncertain prospects this entails, also has far-reaching implications for RBI due to its presence in Eastern Europe via the subsidiary banks it owns in Russia, Ukraine and Belarus. RBI's subsidiary banks are self-funded, well-capitalized and have insignificant cross-border exposure to Russia. However, given the current situation and foreseeable changes, RBI feels compelled to review its position in Russia. All strategic options regarding the future of Raiffeisenbank in Russia are therefore being assessed, including a carefully managed exit from Raiffeisenbank.

Immediately after the outbreak of the war, new business in Russia was largely suspended. This and other measures – disregarding currency effects – have already led to a significant decline in customer lending since the beginning of the year. The direct impacts of the sanctions against Russia and Belarus are in the low single-digit range relative to the total exposure and to the liabilities in the affected countries. At the same time, the Russian subsidiary bank has reported strengthened capital and liquidity figures. The accumulated loan loss provisions as of 30 September provide a solid basis for the difficult ongoing situation and also cover the consequences of the EU and US sanctions packages.

Meanwhile, it goes without saying that RBI and its subsidiaries are continuing to operate in compliance with the local and international sanction laws, changing financial market requirements, and in line with its Code of Conduct.

Completion of the sale of Raiffeisenbank (Bulgaria) EAD to KBC Bank

As all conditions for the closing of the transaction, including all requisite regulatory approvals, were met in June 2022, the deconsolidation of Raiffeisenbank (Bulgaria) EAD became effective as of 30 June 2022.

The additional capital from the sale strengthens RBI's solid capital base and supports growth in selected markets.

Based on the agreed selling price of € 1,009 million, equity of € 601 million and the deconsolidation of, in total, € 3.3 billion in risk-weighted assets, the sale has a positive effect of 75 basis points on RBI's CET1 ratio. The formal closing took place on 7 July 2022.

Acquisition of Crédit Agricole Srbija AD

On 1 April 2022, the formal closing took place for acquisition of a 100 per cent interest in Crédit Agricole Srbija AD, Novi Sad, by Raiffeisen banka a.d., Belgrade. Crédit Agricole Srbija AD, Novi Sad, was therefore included in the consolidated financial statements as of 1 April 2022. Its total assets amounted to € 1,431 million at the time of initial consolidation.

The acquisition of Crédit Agricole Srbija AD is part of RBI's strategy to grow its presence in selected markets. Serbia is a market with much growth potential. Crédit Agricole Srbija AD, with around 356,000 customers, has a leading position in agricultural lending. Crédit Agricole Srbija AD is expected to be merged with the Serbian subsidiary bank, Raiffeisen banka a.d., in April 2023. This will make it possible to exploit synergies and increase market share.

Amendment to the proposal for the utilization of net profit for the 2021 financial year

The uncertainties relating to the war in Ukraine call for a particularly prudent and responsible corporate approach. At the beginning of March, the RBI Management Board therefore decided to amend the proposal for the utilization of net profit and propose to the General Meeting that the net profit for the 2021 financial year (€ 379,999,596.87) is carried forward in full. The Annual General Meeting approved this proposed resolution on 31 March.

Earnings and financial performance

The ongoing war in Ukraine and the further tightening of sanctions against Russia continued to have a significant impact not only on the money and capital markets, but also on trade and the economy, including to a particular extent on energy supplies. A strong appreciation of the Russian ruble by around one-third since the beginning of the year was reflected in significant increases in items on the statement of financial position, in particular other demand deposits at banks and financial assets at amortized cost. The strength of the US dollar in response to interest rate hikes by the Federal Reserve also contributed in part to the balance sheet growth. Persistent high inflationary pressure and the associated measures continue to have a strong impact on earnings performance. On the one hand, the associated increases in base rates have had a positive impact on interest margins. On the other hand, inflation has resulted in a higher cost burden. Overall, however, the cost/income ratio significantly improved. In contrast, risk costs showed strong growth compared to the previous year's period, although from a very low base. Russia and Ukraine were again the main drivers here.

Western countries have imposed severe sanctions against Russian companies, the Russian central bank and the Russian government. At the same time, Russia has placed restrictions on capital flows to so-called unfriendly countries. Both of these restrict the service of international debts as well as profit distributions. From the present perspective, earnings for the first three quarters of 2022 in the amount of € 1,420 million for Russia and € 71 million for Belarus cannot be distributed in the form of dividends.

In total, consolidated profit increased a substantial 166 per cent year-on-year to € 2,801 million. The sale of the Bulgarian subsidiary bank contributed a total of € 453 million to earnings. Net interest income increased 53 per cent, mainly due to rising interest rates in numerous Group countries and to strong loan growth. Net fee and commission income (up 88 per cent), showed a continuous volume-driven upward trend as in the previous quarters, but was also influenced by the current geopolitical situation and measures taken by the Russian central bank relating to foreign exchange controls and associated mandatory currency conversion. The net trading income and fair value result of € 471 million mainly resulted from foreign currency positions in Russian rubles and from changes in the Group's own credit spread in the certificates business. Risk costs amounted to € 721 million in the reporting period, of which Russia accounted for € 299 million and Ukraine for € 247 million. The € 47 million expense booked in the first half-year for the newly introduced bank levy in Hungary related to the full year.

Total assets, at € 220 billion, were more than 14 per cent higher than at the year-end, with more than 4 percentage points of the increase attributable to currency effects. Customer loans increased 8 per cent, with growth in all countries. Customer deposits rose nearly 13 per cent, mainly due to short-term deposits from non-financial corporations and households.

Comparison of results with the previous year

in € million	1/1-30/9/2022	1/1-30/9/2021[1]	Change	
Net interest income	3,591	2,352	1,239	52.7%
Dividend income	40	34	6	16.9%
Current income from investments in associates	55	34	22	65.2%
Net fee and commission income	2,682	1,424	1,258	88.4%
Net trading income and fair value result	471	29	443	>500.0%
Net gains/losses from hedge accounting	(21)	(4)	(17)	470.2%
Other net operating income	30	84	(54)	(64.0)%
Operating income	**6,849**	**3,952**	**2,897**	**73.3%**
Staff expenses	(1,432)	(1,154)	(278)	24.1%
Other administrative expenses	(804)	(679)	(125)	18.3%
Depreciation	(338)	(289)	(49)	16.9%
General administrative expenses	**(2,574)**	**(2,122)**	**(452)**	**21.3%**
Operating result	**4,275**	**1,830**	**2,446**	**133.7%**
Other result	(225)	(120)	(105)	87.7%
Governmental measures and compulsory contributions	(285)	(181)	(104)	57.5%
Impairment losses on financial assets	(721)	(145)	(577)	398.9%
Profit/loss before tax	**3,044**	**1,384**	**1,660**	**119.9%**
Income taxes	(589)	(291)	(298)	102.3%
Profit/loss after tax from continuing operations	**2,455**	**1,093**	**1,362**	**124.6%**
Gains/losses from discontinued operations	453	62	391	>500.0%
Profit/loss after tax	**2,907**	**1,155**	**1,753**	**151.8%**
Profit attributable to non-controlling interests	(107)	(100)	(7)	6.7%
Consolidated profit/loss	**2,801**	**1,055**	**1,746**	**165.5%**

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 financial statements under changes to the income statement.

Operating income

Net interest income was up € 1,239 million to € 3,591 million. This is mainly due to rising interest rates in numerous Group countries and to strong loan growth. In the Czech Republic, in addition to the integration of Equa bank, higher interest income from repo, corporate and retail customer business resulted in a € 251 million increase in net interest income. The increases of € 110 million in Hungary, € 83 million in Ukraine, € 76 million in Romania and € 42 million at head office are likewise both interest-rate and volume-related. In Serbia, net interest income increased € 32 million, primarily due to the integration of Crédit Agricole Srbija AD; in Belarus, the € 32 million increase is due to higher profitability of the loan portfolio. The largest increase, of € 559 million, was recorded in Russia due to the appreciation of the Russian ruble and higher interest income from repo business. In contrast, lending volumes in the customer business fell 21 per cent year-on-year in local currency. Group average interest-bearing assets rose 19 per cent year-on-year, mainly as a result of the strong loan growth. The net interest margin improved 56 basis points to 2.49 per cent, which in addition to Eastern Europe was attributable to a 1.2 percentage point increase in Hungary and a 1 percentage point increase in the Czech Republic.

The strong rise in net fee and commission income was due to increased activity from both corporate and retail customers in the foreign currency business, which grew € 846 million primarily in the spot foreign exchange business in Russia. This development was due to both the geopolitical situation and the measures taken by the Russian central bank to restrict foreign exchange. Clearing, settlement and payment services also recorded growth of € 258 million due to increased transactions with both corporate and retail customers and to higher margins. Net income from the securities business also increased, with the strongest growth of € 70 million in Russia. Supported by currency appreciations in Russia and Belarus, net fee and commission income consequently increased € 1,258 million to € 2,682 million. Russia and head office recorded the largest growth here. There were increases on a currency-adjusted basis in Belarus, Hungary and the Czech Republic.

Net trading income and fair value result increased € 443 million to € 471 million. The strong year-on-year increase was mainly attributable to trading activities in Russia, where net trading income rose € 261 million to € 242 million. The high volatility of the Russian ruble in the first half of 2022 due to the sanctions in response to the war led to strong customer demand for foreign currency transactions. This was counteracted by higher losses from hedged interest rates, caused by the high volatility of interest rates set by the Russian central bank in the first half of 2022. Head office contributed € 75 million in the current year, marking a rise of € 101 million year-on-year. Just under half of the increase resulted from improved net foreign exchange income, primarily from market-making activities relating to the Hungarian forint and the US dollar. Interest rate-related improvements in earnings as a result of the higher interest rate level accounted for the other half of the rise. The increase in the Group's own credit spread in the certificates business also resulted in a year-on-year increase from € 88 million to € 102 million in valuation gains on certificate issues measured at fair value.

Other net operating income decreased € 54 million to € 30 million. This was mainly due to lower net income from the derecognition of debt instruments (a loss of € 34 million, down € 37 million), mainly in Russia, Belarus and Hungary. Early derecognition of intangible assets at head office resulted in a loss of € 27 million. The € 16 million decrease in Poland mainly related to court settlements and write-offs due to canceled loan agreements. This was offset by income of € 9 million from the release of provisions for litigation in Romania and a € 12 million volume-related improvement in net income from insurance contracts in Croatia.

General administrative expenses

General administrative expenses increased 21 per cent year-on-year, or € 452 million, to € 2,574 million. Significantly higher core revenues (up 66 per cent) made for a significant year-on-year improvement in the cost/income ratio, from 53.7 per cent to 37.6 per cent. Staff expenses rose € 278 million to € 1,432 million, mainly due to increases in Russia, in the Czech Republic, at head office and in Serbia. In addition to the increase in the average headcount, these increases mainly resulted from higher salaries, social security costs and provisions for one-off payments in Russia, from the integration of Equa bank in the Czech Republic and from the integration of Crédit Agricole Srbija AD in Serbia. The main drivers of the € 125 million rise in other administrative expenses were higher IT expenses (up € 38 million), particularly in the Czech Republic, at head office and in Russia, and higher legal, advisory and consulting expenses (up € 34 million) primarily at head office, in Poland and in the Czech Republic. There were further increases in other expense items, primarily sundry administrative expenses (up € 19 million), office space expenses (up € 11 million) and non-income-related taxes (up € 8 million). Depreciation and amortization of tangible and intangible fixed assets increased 17 per cent, or € 49 million, to € 338 million, mainly due to the integration of Equa bank in the Czech Republic, currency effects in Russia and to an inventory increase in activated software at head office.

The number of business outlets fell 98 year-on-year to 1,699. The largest decline resulted from the sale in Bulgaria (down 134), while Serbia (up 75) recorded acquisition-related increases in business outlets. Average headcount decreased 1,599 full-time equivalents year-on-year to 44,274, mainly due to the sale of Raiffeisenbank (Bulgaria) EAD and its subsidiary Raiffeisen Leasing Bulgaria EOOD (down 2,487). The largest increases were in Serbia (up 830) and Russia (up 564).

Other result

The other result came to minus € 225 million in the reporting period, compared to minus € 120 million in the comparable period. The valuation of investments in subsidiaries and associates resulted in a net valuation loss of € 39 million (previous year's period: up € 61 million). In the reporting period, investments in associates valued at equity – in particular LEIPNIK-LUNDENBURGER Invest Beteiligungs AG and UNIQA Insurance Group AG – accounted for a net valuation loss of € 16 million (previous year's period: up € 73 million) due to the deteriorated economic environment, the trend in the prices of goods and the negative impacts of the war in Ukraine on business in local markets.

During the reporting period, credit-linked and portfolio-based provisions for litigation were allocated in an amount of € 187 million. These were up € 15 million on the previous year's figure and mainly related to mortgage loans in Poland denominated in or linked to foreign currencies.

Governmental measures and compulsory contributions

Governmental measures and compulsory contributions increased € 104 million to € 285 million. Bank levies increased € 49 million. This was due mainly to the introduction of a special bank levy in Hungary, which was booked in the amount of € 47 million in the first half of 2022 for the full year. Contributions to the bank resolution fund increased € 14 million, mostly at head office and in the Czech Republic. The € 33 million increase in deposit insurance fees mainly related to Russia, Romania, Hungary, Croatia and the Czech Republic. The increases in the Czech Republic resulted from the integration of Equa bank.

Impairment losses on financial assets

The impacts of the armed conflict between Russia and Ukraine were reflected in significantly higher risk costs in Eastern Europe. Impairment losses on financial assets in Eastern Europe amounted to € 569 million in the reporting period (previous year's period: € 64 million) due to the deteriorated economic environment, rating downgrades of customers, countries and governments, and in Russia additionally due to the consequences of several EU and US sanctions packages. The reporting period brought impairment losses of € 299 million in Russia (previous year's period: € 40 million); in Ukraine these amounted to € 247 million after a small net release in the previous year's period. Group-wide, impairment losses on financial assets in the amount of € 721 million were recognized in the reporting period, after € 145 million in the comparable period of the previous year; these also included impairment losses due to rating downgrades of companies with revenue shortfalls and higher costs due to the energy supply difficulties.

In Stage 1 and Stage 2, net impairments of € 508 million were recognized in the reporting period (previous year's period: € 50 million). A net amount of € 190 million related to loans to non-financial corporations, a net € 71 million to loans to households, a net € 115 million to loans to other financial corporations and a net € 64 million to loans to governments; € 55 million related to off-balance-sheet risks. The amount recognized in Stage 1 and Stage 2 was € 195 million in Russia, € 155 million in Ukraine, € 45 million in Hungary, € 30 million in Slovakia and € 29 million in Austria. For defaulted loans (Stage 3), impairments were recognized in a net amount of € 213 million in the reporting period (previous year's period: net € 95 million), of which € 117 million related to households, primarily in Russia (€ 83 million) and Ukraine (€ 27 million) and € 80 million to loans to other financial corporations, mostly at head office.

At 1.5 per cent, the NPE ratio was slightly down relative to the year-end and comparable period. The NPE coverage ratio was 61.5 per cent at the reporting date, compared to 62.5 per cent at the end of the year.

Income taxes

Income taxes increased to € 589 million due to higher earnings. However, the tax rate of 19 per cent (comparable period: 21 per cent) was significantly below the current Austrian corporate income tax rate of 25 per cent. This was mainly due to the tax situation at head office (loss carry forwards) and a larger share of profit before tax accounted for by lower-tax countries.

Gains/losses from discontinued operations

The gains/losses from discontinued operations include the deconsolidation of the Bulgarian Group units.

Comparison of results with the previous quarter

Quarterly results

in € million	Q3/2021[1]	Q4/2021	Q1/2022	Q2/2022	Q3/2022
Net interest income	843	976	986	1,214	1,392
Dividend income	4	7	5	24	11
Current income from investments in associates	12	12	18	16	21
Net fee and commission income	521	561	683	882	1,117
Net trading income and fair value result	(4)	24	184	132	155
Net gains/losses from hedge accounting	(3)	1	(20)	(16)	15
Other net operating income	29	36	27	15	(12)
Operating income	**1,402**	**1,618**	**1,881**	**2,269**	**2,700**
Staff expenses	(401)	(425)	(430)	(464)	(538)
Other administrative expenses	(234)	(313)	(254)	(277)	(273)
Depreciation	(101)	(118)	(109)	(116)	(114)
General administrative expenses	**(736)**	**(856)**	**(792)**	**(857)**	**(925)**
Operating result	**666**	**763**	**1,089**	**1,412**	**1,775**
Other result	(46)	(175)	(102)	(6)	(118)
Governmental measures and compulsory contributions	(26)	(32)	(159)	(82)	(44)
Impairment losses on financial assets	(44)	(150)	(319)	(242)	(160)
Profit/loss before tax	**550**	**406**	**508**	**1,082**	**1,453**
Income taxes	(98)	(77)	(69)	(223)	(297)
Profit/loss after tax from continuing operations	**452**	**329**	**440**	**859**	**1,156**
Gains/losses from discontinued operations	29	24	18	435	0
Profit/loss after tax	**481**	**353**	**458**	**1,294**	**1,156**
Profit attributable to non-controlling interests	(38)	(36)	(16)	(24)	(67)
Consolidated profit/loss	**443**	**317**	**442**	**1,270**	**1,089**

1 Adaption of prior quarters' figures 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.

Development of third quarter 2022 compared to second quarter 2022

Net interest income increased € 178 million to € 1,392 million. The increase in Russia of € 82 million is due not only to currency developments but also to lower expenses for customer deposits. Rising interest rates and volumes caused net interest income to increase € 24 million in the Czech Republic, € 20 million in Hungary and € 15 million in Romania. In Ukraine, higher interest income from government certificates of deposit was responsible for the € 13 million increase in net interest income.

The rising interest rates in many of the Group's countries led to an increase in the net interest margin of 15 basis points to 2.71 per cent.

Net fee and commission income increased 27 per cent, or € 234 million, to € 1,117 million. This was mainly driven by extraordinarily high income from clearing, settlement and payment services in Russia. This increase of € 130 million was due to higher volumes and margins as well as currency appreciation. Likewise, net income from the securities business recorded a margin-driven increase of € 63 million, particularly in Russia, while the foreign currency business rose € 25 million, mainly in Russia and Ukraine.

Net trading income and fair value result increased € 23 million to € 155 million. The increase resulted primarily from valuation gains on foreign currency positions – including hedging transactions in Russia – of € 41 million after the rapid rise of the Russian ruble caused losses in the second quarter in particular. Interest rate-induced valuation effects also rose € 41 million in Russia. Once again, this was mainly driven by valuation losses in the second quarter, partly due to a change in valuation-relevant key rate curves in Russian rubles from offshore to onshore. At head office, the valuation result from foreign currency positions declined € 46 million. Interest rate-induced valuations and other valuations at head office increased € 13 million quarter-on-quarter. In the remaining markets, net trading income decreased € 54 million compared to the previous quarter due to exchange rate and interest rate effects, particularly in the Czech Republic, Hungary and Belarus, as well as due to positive valuation effects from investments in venture capital funds measured at fair value in the previous quarter. In the certificates business, valuation gains increased € 28 million, primarily due to the increase in own credit spreads.

Other net operating income decreased € 27 million to minus € 12 million (previous quarter: € 15 million). Net income from the derecognition of debt securities amounted to minus € 21 million (down € 10 million), mainly in Russia, Belarus and Hungary. In the second quarter, early derecognition of intangible fixed assets at head office resulted in a loss of € 27 million, while the release of provisions for litigation resulted in income of € 9 million in Romania and one-time income of € 8 million in Russia. In the third quarter, head office recorded a decline in income from charges for non-banking services.

General administrative expenses increased € 68 million quarter-on-quarter to € 925 million. Staff expenses rose € 74 million to € 538 million, while other administrative expenses rose € 3 million to € 273 million and depreciation increased € 3 million to

€ 114 million. The main drivers of the increases were higher staff expenses in Russia due to provisions for one-time payments (up € 71 million).

The other result decreased from minus € 6 million in the previous quarter to minus € 118 million. This was primarily driven by the valuation of shares in participations valued at equity, which resulted in a net impairment loss of € 29 million in the third quarter (UNIQA Insurance Group AG minus € 17 million, LEIPNIK-LUNDENBURGER INVEST Beteiligungs AG minus € 16 million), while a net reversal of impairment losses of € 47 million was recorded in the previous quarter. Credit-linked and portfolio-based provisions for litigation were allocated € 83 million in the third quarter, almost exclusively for the mortgage loan portfolio in Poland. The net effect was € 47 million, with the remaining € 36 million coming from a deferral of impairment losses already booked in the second quarter.

Governmental measures and compulsory contributions were € 44 million in the third quarter, compared to € 82 million in the second quarter. An additional € 47 million was already booked for the full year due to the introduction of a special bank levy in Hungary in the second quarter of 2022.

Impairment losses on financial assets were € 82 million lower in the third quarter at € 160 million, after impairment losses on financial assets of € 242 million were recognized in the second quarter, mainly due to the consequences of the war in Ukraine. Impairment losses for the Eastern Europe region of € 80 million in the third quarter and € 174 million in the second quarter were caused by rating downgrades of customers, sovereigns and governments as well as macroeconomic parameters and, in Russia, by several EU and US sanctions packages as well. Head office reported a significant quarter-on-quarter increase in risk costs of € 67 million to € 104 million, mainly attributable to provisions for loans in the real estate sector and in cross-border business with Russia.

Income taxes increased to € 297 million due to higher earnings, while the tax rate remained unchanged from the previous quarter at 21 per cent.

Statement of financial position

Total assets increased more than 14 per cent compared to the end of the year, with currency developments responsible for an increase of more than 4 per cent. The appreciation of the Russian ruble by 33 per cent and of the US dollar by nearly 14 per cent stood against a depreciation of the Ukrainian hryvnia by 15 per cent and the Hungarian forint by more than 14 per cent. Last year, demand for credit – supported by the economic upturn – grew considerably in almost all markets, especially from the second quarter onward. Demand then lost momentum again in the fourth quarter as the economy weakened. Slight growth was recorded in the first quarter of 2022 and significant growth in the second and third quarter, supported in part by the appreciation of some currencies, particularly the Russian ruble and the US dollar.

Assets

in € million	30/9/2022	31/12/2021	Change		30/9/2022	30/6/2022	31/3/2022	31/12/2021	30/9/2021
Loans to banks	17,699	16,630	1,068	6.4%	17,699	17,000	13,314	16,630	16,678
Loans to customers	109,066	100,832	8,234	8.2%	109,066	107,700	101,966	100,832	100,659
hereof non-financial corporations	52,758	50,156	2,602	5.2%	52,758	52,132	51,097	50,156	49,358
hereof households	42,010	38,078	3,932	10.3%	42,010	41,541	38,348	38,078	38,638
Securities	23,882	22,902	980	4.3%	23,882	23,520	22,831	22,902	22,901
Cash and other assets	69,188	51,736	17,451	33.7%	69,188	65,979	54,513	51,736	50,371
Total	**219,834**	**192,101**	**27,733**	**14.4%**	**219,834**	**214,200**	**192,624**	**192,101**	**190,610**

As of 31 December 2021, the assets of Raiffeisenbank (Bulgaria) EAD and Raiffeisen Leasing Bulgaria EOOD are shown under cash and other assets, while in the third quarter of 2021, they are shown under the respective items. As of 30 June 2022, these assets are no longer included due to the sale.

The increase in loans to banks was mainly due to a higher volume of repo transactions in Russia; in the Czech Republic, the volume of repo transactions with the national bank decreased.

Customer loans increased significantly from the end of the year, especially in lending to households and non-financial corporations. The largest increases overall occurred in the Czech Republic, where loan growth stood at € 1,888 million, or 12 per cent; in Romania, at € 1,487 million, or 22 per cent; and in Slovakia, at € 1,099 million, or 9 per cent. The increase in Russia of € 1,365 million was exclusively currency-related; lending declined in local currency terms.

New business in Russia was largely abandoned due to the armed conflict with Ukraine and the resulting sanctions against Russia. In Serbia, credit volume increased – both organically and as a result of the acquisition of Crédit Agricole Srbija AD – by € 1,319 million, or 67 per cent, with the acquisition responsible for € 993 million. All other countries except those in Eastern Europe also showed encouraging loan growth.

The increase in cash (up € 17,431 million) was mainly attributable to money market transactions and other demand deposits at banks, especially at head office (up € 12,368 million) and in Russia (up € 8,843 million). There were also outflows in Romania, Hungary and Slovakia. The significantly higher positive fair values of interest rate and foreign exchange derivatives reported under other assets (up € 5,503 million), mainly at head office, resulted primarily from valuation effects and exchange rate fluctuations as well as a larger hedged volume. The sale of the Bulgarian Group units resulted in a disposal of assets reported under other assets (in accordance with IFRS 5) amounting to € 5,491 million.

Equity and liabilities

in € million	30/9/2022	31/12/2021	Change		30/9/2022	30/6/2022	31/3/2022	31/12/2021	30/9/2021
Deposits from banks	40,769	34,607	6,162	17.8%	40,769	37,293	34,575	34,607	39,143
Deposits from customers	129,786	115,153	14,633	12.7%	129,786	131,283	113,652	115,153	114,651
hereof non-financial corporations	53,502	44,523	8,979	20.2%	53,502	54,019	44,311	44,523	42,808
hereof households	60,108	56,690	3,418	6.0%	60,108	60,806	55,016	56,690	58,353
Debt securities issued and other liabilities	29,893	26,865	3,029	11.3%	29,893	27,568	28,585	26,865	21,384
Equity	19,385	15,475	3,910	25.3%	19,385	18,056	15,812	15,475	15,432
Total	**219,834**	**192,101**	**27,733**	**14.4%**	**219,834**	**214,200**	**192,624**	**192,101**	**190,610**

As of 31 December 2021, the liabilities of Raiffeisenbank (Bulgaria) EAD and Raiffeisen Leasing Bulgaria EOOD are shown under debt securities issued and other liabilities, while in the third quarter of 2021, they are shown under the respective items. As of 30 June 2022, these liabilities are no longer included due to the sale.

The Group's funding from banks increased significantly compared to the end of the year with respect to short-term deposits as well as repo and money market transactions at head office.

The large increase in deposits from customers stemmed mainly from short-term deposits, particularly in Russia (up € 10,606 million, including € 8,213 million for non-financial corporations); the increase was highly currency-driven. The increase of € 1,611 million in Serbia resulted from the acquisition of Crédit Agricole Srbija AD (€ 1,093 million), while the increase of € 1,380 million at head office was due to money market transactions with other financial corporations.

Debt securities issued and other liabilities increased € 3,029 million. The negative fair values of derivatives included in this item increased € 5,739 million, especially for interest rate and foreign currency derivatives at head office, due to valuation effects and exchange rate fluctuations as well as larger hedged amounts. The debt securities increased € 1,329 million net, mainly at head office (senior and covered bonds). The sale of the Bulgarian Group units resulted in a disposal of liabilities reported under other liabilities (in accordance with IFRS 5) amounting to € 4,829 million.

For information relating to funding, please refer to note (46) 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 € 3,910 million from the start of the year to € 19,385 million.

Total comprehensive income of € 3,973 million comprised profit after tax of € 2,907 million and other comprehensive income of € 1,066 million. Currency movements since the beginning of the year had a positive impact of € 1,409 million, which was largely attributable to the Russian ruble appreciating 33 per cent. This was partly offset by a valuation loss of € 38 million from the hedge of net investments, also primarily in Russian ruble (minus € 94 million) and the Hungarian forint (€ 63 million).

In addition, changes especially in the fair value of financial assets of € 183 million, other comprehensive income of companies valued at equity of € 162 million and the adjustment to the cash flow hedge reserve of € 79 million, which was concentrated in Russia, had a negative impact on other comprehensive income.

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

Common equity tier 1 (CET1) after deductions amounted to € 15,888 million, representing an increase of € 4,076 million compared to the 2021 year-end figure. The main drivers of the increase were the inclusion of the result for the period after deducting any dividends and positive foreign exchange effects.

Tier 1 capital after deductions increased € 4,101 million to € 17,561 million, primarily as a result of the effects in CET1.

Tier 2 capital increased € 58 million to € 2,406 million due to a new issue of € 500 million. On the other hand, there was a reduction in the eligible IRB surplus and the regulatory maturing of outstanding tier 2 instruments. Total capital amounted to € 19,967 million, representing an increase of € 4,160 million compared to the 2021 year-end figure.

Total risk-weighted assets (RWA) increased € 18,567 million overall from the end of 2021 to € 108,496 million. This increase was mainly driven by foreign currency effects, organic growth and credit rating downgrades for Russia, Belarus and Ukraine. In contrast, the RWA decreased due to the sale of the Bulgarian Group units. Operational risk in the advanced measurement approach increased € 4,791 million as a result of additional expenses for credit-linked and portfolio-based provisions for litigation in Poland. Market risk also increased € 2,405 million, mainly due to a new calculation methodology in the structural open foreign exchange position.

Including the third quarter results, this resulted in a (transitional) CET1 ratio of 14.6 per cent (up 1.5 percentage points), a (transitional) tier 1 ratio of 16.2 per cent (up 1.2 percentage points) and a (transitional) total capital ratio of 18.4 per cent (up 0.8 percentage points).

The capital ratios based on the full application of all CRR criteria (fully loaded) are 14.4 per cent (CET1 ratio), 15.9 per cent (tier 1 ratio) and 18.1 per cent (total capital ratio).

Risk management

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

Outlook

Guidance

The following guidance assumes no changes to the existing footprint. All options relating to Russia and Belarus remain on the table.

In 2022, net interest income is expected around € 4.8 billion and net fee and commission income of around € 3.7 billion.

Excluding Russia and Belarus, net interest income and net fee and commission income are expected around € 3.2 billion and € 1.7 billion respectively.

We expect stable loan volumes for Q4/2022, with selected growth still coming from CE and SEE.

We expect general administrative expenses around € 3.5 billion, leading to an expected cost/income ratio of around 40 per cent.

The provisioning ratio for 2022 is expected to be up to 100 basis points.

Consolidated return on equity is expected to be around 25 per cent in 2022.

At year-end 2022, we expect a CET1 ratio above 14 per cent. The Group CET1 target ratio will increase to 13.5 per cent from January 2023, and to 14 per cent by the end of 2023.

Medium term return on equity and payout ratio targets are suspended due to current uncertainties in Eastern Europe.

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 interim consolidated financial statements as well as the RBI website (www.rbinternational.com → Investors → Reports).

Central Europe

in € million	1/1-30/9/2022	1/1-30/9/2021	Change	Q3/2022	Q2/2022	Change
Net interest income	985	603	63.3%	361	316	14.1%
Dividend income	3	10	(73.2)%	0	3	–
Current income from investments in associates	4	3	24.9%	1	2	(11.3)%
Net fee and commission income	415	347	19.3%	136	139	(2.4)%
Net trading income and fair value result	(31)	11	–	(20)	(10)	101.7%
Net gains/losses from hedge accounting	6	0	–	5	3	94.7%
Other net operating income	(6)	24	–	(14)	1	–
Operating income	**1,375**	**997**	**37.9%**	**469**	**453**	**3.6%**
General administrative expenses	(660)	(559)	18.1%	(223)	(221)	0.7%
Operating result	**715**	**438**	**63.2%**	**246**	**232**	**6.4%**
Other result	(181)	(147)	22.6%	(84)	(44)	89.0%
Governmental measures and compulsory contributions	(117)	(51)	129.1%	(12)	(46)	(74.5)%
Impairment losses on financial assets	(15)	(17)	(10.3)%	39	(30)	–
Profit/loss before tax	**403**	**223**	**80.8%**	**190**	**111**	**70.6%**
Income taxes	(107)	(70)	53.5%	(42)	(37)	14.1%
Profit/loss after tax	**296**	**153**	**93.2%**	**148**	**74**	**98.8%**
Return on equity before tax	14.0%	8.5%	5.5 PP	19.7%	11.5%	8.2 PP
Return on equity after tax	10.2%	5.8%	4.4 PP	15.3%	7.7%	7.6 PP
Net interest margin (average interest-bearing assets)	2.27%	1.59%	0.68 PP	2.49%	2.23%	0.26 PP
Cost/income ratio	48.0%	56.0%	(8.1) PP	47.5%	48.9%	(1.4) PP

The year-on-year rise in profit after tax was driven mainly by the positive development in net interest income (up € 382 million) in the Czech Republic, Hungary and Slovakia, resulting from higher market interest rates and loan volumes. In the Czech Republic, the integration of Equa bank also contributed to the increase. The net interest margin improved 68 basis points to 2.27 per cent. Net fee and commission income rose € 67 million, primarily as a result of higher income in foreign exchange business and clearing, settlement and payment services in Hungary and Slovakia. Net trading income and fair value result fell above all in the Czech Republic (down € 33 million) due to currency developments. General administrative expenses were up € 101 million, notably in the Czech Republic (up €73 million) due to the integration of Equa bank. The expenses of € 186 million for credit-linked and portfolio-based provisions for litigation in Poland in the other result reflected parameter adjustments in the model calculation. The increase in expenses relating to governmental measures and compulsory contributions was due to the introduction of a special bank levy in Hungary, for which € 47 million was recognized in the first half of 2022 for the full year.

in € million	Poland 1/1-30/9/2022	Poland 1/1-30/9/2021	Slovakia 1/1-30/9/2022	Slovakia 1/1-30/9/2021
Net interest income	9	9	229	207
Dividend income	0	0	0	0
Current income from investments in associates	0	0	4	3
Net fee and commission income	1	2	138	126
Net trading income and fair value result	2	1	5	5
Net gains/losses from hedge accounting	0	0	0	0
Other net operating income	(20)	(4)	2	1
Operating income	**(8)**	**8**	**378**	**342**
General administrative expenses	(25)	(19)	(178)	(167)
Operating result	**(33)**	**(11)**	**201**	**175**
Other result	(186)	(145)	0	0
Governmental measures and compulsory contributions	(11)	(4)	(11)	(10)
Impairment losses on financial assets	40	(10)	(38)	(14)
Profit/loss before tax	**(190)**	**(170)**	**152**	**151**
Income taxes	0	0	(28)	(32)
Profit/loss after tax	**(190)**	**(170)**	**123**	**119**

in € million	Czech Republic 1/1-30/9/2022	Czech Republic 1/1-30/9/2021	Hungary 1/1-30/9/2022	Hungary 1/1-30/9/2021
Net interest income	507	256	239	130
Dividend income	0	3	2	7
Net fee and commission income	141	104	134	115
Net trading income and fair value result	(26)	7	(12)	(2)
Net gains/losses from hedge accounting	(3)	0	9	0
Other net operating income	19	17	(7)	7
Operating income	**639**	**387**	**366**	**256**
General administrative expenses	(296)	(223)	(161)	(149)
Operating result	**342**	**164**	**206**	**106**
Other result	10	2	(5)	(4)
Governmental measures and compulsory contributions	(22)	(16)	(72)	(21)
Impairment losses on financial assets	5	3	(23)	3
Profit/loss before tax	**335**	**154**	**105**	**84**
Income taxes	(60)	(30)	(19)	(8)
Profit/loss after tax	**275**	**124**	**87**	**77**

Southeastern Europe

in € million	1/1-30/9/2022	1/1-30/9/2021[1]	Change	Q3/2022	Q2/2022	Change
Net interest income	664	541	22.7%	248	220	12.9%
Dividend income	6	4	48.6%	2	3	(34.6)%
Net fee and commission income	336	283	18.7%	123	116	6.5%
Net trading income and fair value result	(14)	18	–	(5)	(7)	(31.3)%
Net gains/losses from hedge accounting	0	0	(42.4)%	0	0	–
Other net operating income	28	9	197.2%	6	13	(53.2)%
Operating income	**1,020**	**856**	**19.1%**	**375**	**345**	**8.6%**
General administrative expenses	(480)	(422)	13.7%	(170)	(163)	4.5%
Operating result	**539**	**433**	**24.4%**	**205**	**183**	**12.2%**
Other result	(4)	(30)	(87.4)%	(1)	(2)	(45.8)%
Governmental measures and compulsory contributions	(36)	(28)	27.4%	(6)	(8)	(29.9)%
Impairment losses on financial assets	(38)	(17)	127.6%	(13)	(10)	36.2%
Profit/loss before tax	**461**	**358**	**28.8%**	**185**	**163**	**13.5%**
Income taxes	(67)	(55)	21.4%	(25)	(25)	(0.9)%
Profit/loss after tax from continuing operations	**394**	**303**	**30.1%**	**160**	**138**	**16.1%**
Gains/losses from discontinued operations	46	52	(12.7)%	0	30	–
Profit/loss after tax	**440**	**355**	**23.8%**	**160**	**168**	**(4.7)%**
Return on equity before tax	19.4%	13.7%	5.6 PP	23.3%	20.1%	3.2 PP
Return on equity after tax	18.5%	13.6%	4.8 PP	20.2%	20.7%	(0.5) PP
Net interest margin (average interest-bearing assets)	3.31%	3.08%	0.23 PP	3.54%	3.37%	0.17 PP
Cost/income ratio	47.1%	49.4%	(2.2) PP	45.3%	47.1%	(1.8) PP

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.

As of 1 April 2022, Crédit Agricole Srbija AD was consolidated for the first time. The sale of the Bulgarian subsidiary bank was successfully closed and deconsolidation took effect as of 30 June 2022. As in the comparable period, current income in the first half of 2022 was recognized under gains/losses from discontinued operations. The result of deconsolidations of € 398 million was allocated to the Corporate Center segment in the reporting period.

The increase in profit after tax from continuing operations was driven by a significant improvement in core revenues. Net interest income was up € 123 million, mostly in Romania (up € 76 million), as a result of higher market interest rates and loan volume growth, especially in corporate customer business, and in Serbia (up € 32 million), which reflected both organic (interest rate- and volume-induced) and acquisition-related growth. Increased transaction volumes in clearing, settlement and payment services and foreign exchange business were responsible for the growth in net fee and commission income, above all in Serbia, Croatia and Romania. Allocations to credit-linked and portfolio-based provisions for litigation fell in the reporting period (down € 25 million in Croatia and Romania). In contrast, in the case of general administrative expenses, all countries reported an increase both in staff and other administrative expenses. The principal drivers were regular salary increases as well as higher IT expenses, legal, advisory and consulting expenses, and advertising expenses. Despite rising € 22 million to € 38 million, risk costs remained at a moderate level.

in € million	Albania 1/1-30/9/2022	Albania 1/1-30/9/2021	Bosnia and Herzegovina 1/1-30/9/2022	Bosnia and Herzegovina 1/1-30/9/2021	Kosovo 1/1-30/9/2022	Kosovo 1/1-30/9/2021
Net interest income	49	41	47	46	39	36
Dividend income	1	2	4	1	0	0
Net fee and commission income	14	12	41	36	14	11
Net trading income and fair value result	0	1	2	1	0	0
Other net operating income	0	(1)	1	2	3	1
Operating income	**64**	**55**	**94**	**85**	**56**	**48**
General administrative expenses	(32)	(29)	(41)	(36)	(24)	(22)
Operating result	**33**	**26**	**53**	**49**	**32**	**26**
Other result	0	0	(1)	(3)	0	0
Governmental measures and compulsory contributions	(5)	(4)	(4)	(4)	(1)	(1)
Impairment losses on financial assets	3	9	(6)	(3)	(4)	(2)
Profit/loss before tax	**31**	**31**	**43**	**39**	**27**	**23**
Income taxes	(5)	(4)	(4)	(3)	(3)	(3)
Profit/loss after tax	**27**	**27**	**39**	**36**	**24**	**20**

in € million	Croatia 1/1-30/9/2022	Croatia 1/1-30/9/2021	Romania 1/1-30/9/2022	Romania 1/1-30/9/2021	Serbia 1/1-30/9/2022	Serbia 1/1-30/9/2021
Net interest income	85	83	348	272	96	64
Dividend income	0	0	0	0	0	0
Net fee and commission income	67	56	137	129	64	41
Net trading income and fair value result	(5)	5	(16)	7	5	3
Other net operating income	11	3	9	(2)	5	6
Operating income	**157**	**147**	**478**	**406**	**171**	**114**
General administrative expenses	(91)	(80)	(215)	(204)	(78)	(52)
Operating result	**65**	**67**	**263**	**202**	**93**	**62**
Other result	(1)	(18)	(3)	(10)	0	0
Governmental measures and compulsory contributions	(4)	(3)	(14)	(10)	(7)	(6)
Impairment losses on financial assets	(7)	2	(19)	(18)	(6)	(5)
Profit/loss before tax	**53**	**48**	**226**	**165**	**80**	**52**
Income taxes	(8)	(9)	(36)	(30)	(10)	(6)
Profit/loss after tax	**45**	**40**	**190**	**135**	**70**	**45**

Eastern Europe

in € million	1/1-30/9/2022	1/1-30/9/2021	Change	Q3/2022	Q2/2022	Change
Net interest income	1,447	772	87.5%	609	513	18.7%
Dividend income	0	1	(78.6)%	0	0	(95.6)%
Current income from investments in associates	6	2	229.4%	4	1	453.2%
Net fee and commission income	1,442	391	268.8%	691	466	48.3%
Net trading income and fair value result	326	(1)	–	196	120	63.7%
Net gains/losses from hedge accounting	(23)	0	–	(5)	(3)	38.6%
Other net operating income	(23)	(15)	52.5%	(20)	(2)	>500.0%
Operating income	**3,175**	**1,149**	**176.4%**	**1,475**	**1,094**	**34.9%**
General administrative expenses	(664)	(441)	50.6%	(276)	(212)	30.6%
Operating result	**2,511**	**708**	**254.6%**	**1,199**	**882**	**35.9%**
Other result	(4)	(8)	(51.5)%	1	(4)	–
Governmental measures and compulsory contributions	(50)	(36)	38.5%	(18)	(18)	(1.3)%
Impairment losses on financial assets	(569)	(64)	>500.0%	(80)	(174)	(53.9)%
Profit/loss before tax	**1,889**	**600**	**214.6%**	**1,102**	**686**	**60.6%**
Income taxes	(399)	(133)	200.3%	(229)	(148)	54.6%
Profit/loss after tax	**1,490**	**467**	**218.7%**	**874**	**539**	**62.2%**
Return on equity before tax	75.3%	31.6%	43.7 PP	131.8%	90.8%	41.0 PP
Return on equity after tax	59.4%	24.6%	34.8 PP	104.5%	71.3%	33.2 PP
Net interest margin (average interest-bearing assets)	6.14%	5.15%	0.99 PP	6.28%	6.32%	(0.04) PP
Cost/income ratio	20.9%	38.4%	(17.5) PP	18.7%	19.3%	(0.6) PP

Net interest income was up € 675 million to € 1,447 million. In Russia, the appreciation of the Russian ruble together with a rise in interest income from repo business were responsible for the increase. In Ukraine, higher income from the national bank's deposit certificates resulted in an improvement. In contrast, loan volumes in customer business were down 21 percent year-on-year in local currency. The increase in net fee and commission income particulary in Russia– supported by currency appreciation in Russia and Belarus – also rose as a result of stronger volumes in foreign currency business, primarily in spot transactions. This was largely due to the geopolitical situation and the foreign exchange controls imposed by the Russian central bank. Clearing, settlement and payment services also recorded growth due to increased transactions, higher margins and net income from securities business. Positive valuation effects from foreign currency positions and the sharp rise in customer demand for foreign currency transactions led to an increase in net trading income and fair value result, mostly in Russia. General administrative expenses were up as a consequence of the rise in salaries and social security costs and provisions for one-off payments mainly in Russia. IT expenses in Russia and charitable expenses in Ukraine were also up. Risk costs rose € 505 million to € 569 million due to the war in Ukraine and the related deterioration in the economic conditions, rating downgrades for customers, states and governments, and in Russia also due to several EU and US sanction packages. As a consequence, risk costs of € 299 million were recognized in Russia in the reporting period; in Ukraine and Belarus, these amounted to € 247 million and € 23 million respectively. The allocations for Stage 1 and Stage 2 totaled € 195 million in Russia and € 155 million in Ukraine.

	Belarus		Russia		Ukraine	
in € million	1/1-30/9/2022	1/1-30/9/2021	1/1-30/9/2022	1/1-30/9/2021	1/1-30/9/2022	1/1-30/9/2021
Net interest income	91	59	1,091	532	265	181
Dividend income	0	0	0	0	0	1
Current income from investments in associates	0	0	6	2	0	0
Net fee and commission income	86	43	1,299	284	57	64
Net trading income and fair value result	30	7	242	(19)	54	11
Net gains/losses from hedge accounting	0	0	(23)	0	0	0
Other net operating income	(12)	2	(10)	(9)	(1)	(9)
Operating income	**195**	**110**	**2,605**	**790**	**375**	**248**
General administrative expenses	(53)	(45)	(476)	(279)	(134)	(116)
Operating result	**141**	**65**	**2,129**	**511**	**241**	**132**
Other result	(1)	0	(1)	(6)	(2)	(2)
Governmental measures and compulsory contributions	(2)	(2)	(40)	(28)	(7)	(6)
Impairment losses on financial assets	(23)	(28)	(299)	(40)	(247)	3
Profit/loss before tax	**115**	**35**	**1,789**	**438**	**(15)**	**128**
Income taxes	(32)	(15)	(369)	(94)	2	(24)
Profit/loss after tax	**83**	**20**	**1,420**	**344**	**(13)**	**103**

Group Corporates & Markets

in € million	1/1-30/9/2022	1/1-30/9/2021	Change	Q3/2022	Q2/2022	Change
Net interest income	505	426	18.4%	191	166	14.9%
Dividend income	12	4	235.0%	4	8	(47.1)%
Current income from investments in associates	3	2	70.0%	3	0	>500.0%
Net fee and commission income	451	391	15.4%	146	155	(5.8)%
Net trading income and fair value result	95	43	118.8%	55	15	259.2%
Net gains/losses from hedge accounting	(12)	0	–	(11)	5	–
Other net operating income	84	92	(9.2)%	29	25	19.1%
Operating income	**1,138**	**959**	**18.7%**	**418**	**374**	**11.9%**
General administrative expenses	(558)	(510)	9.5%	(189)	(189)	(0.1)%
Operating result	**579**	**449**	**29.2%**	**229**	**184**	**24.1%**
Other result	4	2	86.2%	4	(1)	–
Governmental measures and compulsory contributions	(40)	(31)	30.0%	(13)	(11)	20.7%
Impairment losses on financial assets	(95)	(48)	98.7%	(106)	(29)	270.6%
Profit/loss before tax	**448**	**372**	**20.5%**	**114**	**144**	**(21.0)%**
Income taxes	(93)	(81)	14.9%	(15)	(28)	(46.7)%
Profit/loss after tax	**355**	**291**	**22.0%**	**99**	**116**	**(14.8)%**
Return on equity before tax	15.3%	15.8%	(0.5) PP	11.7%	14.9%	(3.2) PP
Return on equity after tax	12.2%	12.4%	(0.2) PP	10.2%	12.0%	(1.8) PP
Net interest margin (average interest-bearing assets)	1.09%	1.04%	0.06 PP	1.15%	1.11%	0.04 PP
Cost/income ratio	49.1%	53.2%	(4.1) PP	45.3%	50.7%	(5.4) PP

The year-on-year increase in profit after tax was primarily due to the rise of € 139 million in core revenues and an increase of € 51 million in net trading income and fair value result. Net interest income was up € 78 million, largely reflecting loan growth and higher interest margins at head office. The significant increase in net fee and commission income (up € 60 million) was driven by foreign exchange business, clearing, settlement and payment services, investment banking at head office, loan and guarantee business, and higher income from investment fund management at Raiffeisen Kapitalanlage-Gesellschaft. Head office was responsible for the improvement of € 51 million in net trading income and fair value result. In contrast, head office reported an increase in general administrative expenses, largely resulting from higher staff expenses and IT expenses at head office. The increase in risk costs was primarily the result of provisions at head office for real estate loans and for cross-border business with Russia.

Corporate Center

in € million	1/1-30/9/2022	1/1-30/9/2021	Change	Q3/2022	Q2/2022	Change
Net interest income	(53)	(21)	154.9%	(32)	(17)	82.3%
Dividend income	219	643	(65.9)%	37	137	(73.0)%
Current income from investments in associates	42	27	58.3%	13	14	(7.4)%
Net fee and commission income	46	21	121.3%	19	11	71.0%
Net trading income and fair value result	74	(30)	–	(57)	35	–
Net gains/losses from hedge accounting	3	(1)	–	4	0	–
Other net operating income	65	83	(21.3)%	26	23	12.8%
Operating income	**397**	**722**	**(45.1)%**	**11**	**203**	**(94.6)%**
General administrative expenses	(322)	(292)	10.3%	(104)	(114)	(8.0)%
Operating result	**75**	**430**	**(82.6)%**	**(94)**	**89**	**–**
Other result	(39)	63	–	(51)	46	–
Governmental measures and compulsory contributions	(42)	(35)	21.6%	4	1	365.7%
Impairment losses on financial assets	(13)	(1)	>500.0%	3	0	>500.0%
Profit/loss before tax	**(20)**	**458**	**–**	**(138)**	**137**	**–**
Income taxes	77	43	80.2%	11	20	(42.1)%
Profit/loss after tax from continuing operations	**58**	**501**	**(88.5)%**	**(127)**	**157**	**–**
Gains/losses from discontinued operations	398	0	–	0	398	–
Profit/loss after tax	**455**	**501**	**(9.2)%**	**(127)**	**554**	**–**

The year-on-year reduction in profit after tax was driven primarily by lower intra-group dividend income (down € 424 million) as a result of payout restrictions. The other result fell to minus € 39 million in the reporting period from plus € 63 million in the comparable period. This reflected the decrease in the net valuation of investments in associates valued at equity from plus € 73 million in the comparable period to minus € 16 million as a result of deteriorating economic conditions, the direction of commodity prices and the negative impact of the war in Ukraine on business in the local markets. In contrast, positive effected by the gain of € 398 million due to the deconsolidation of the sold Bulgarian Group units and the increase of € 103 million in net trading income and fair value result. The increase reflected positive valuation effects of foreign currency positions hedged by currency derivatives, above all in connection with the Hungarian forint, and valuation results from derivatives at head office.

Interim consolidated financial statements

(Condensed interim report as at 30 September 2022)

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. 12 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 than 44,000 employees serve 17.2 million clients in about 1,700 business outlets mostly located in CEE.

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

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

The condensed interim report as at 30 September 2022 was neither fully audited nor reviewed.

Statement of comprehensive income

Income statement

in € million	Notes	1/1-30/9/2022	1/1/-30/9/2021[1]
Net interest income	[1]	3,591	2,352
Interest income according to effective interest method		4,622	2,738
Interest income other		476	478
Interest expenses		(1,506)	(863)
Dividend income	[2]	40	34
Current income from investments in associates	[3]	55	34
Net fee and commission income	[4]	2,682	1,424
Fee and commission income		3,394	2,061
Fee and commission expenses		(712)	(638)
Net trading income and fair value result	[5]	471	29
Net gains/losses from hedge accounting	[6]	(21)	(4)
Other net operating income	[7]	30	84
Operating income		**6,849**	**3,952**
Staff expenses		(1,432)	(1,154)
Other administrative expenses		(804)	(679)
Depreciation		(338)	(289)
General administrative expenses	**[8]**	**(2,574)**	**(2,122)**
Operating result		**4,275**	**1,830**
Other result	[9]	(225)	(120)
Governmental measures and compulsory contributions	[10]	(285)	(181)
Impairment losses on financial assets	[11]	(721)	(145)
Profit/loss before tax		**3,044**	**1,384**
Income taxes	[12]	(589)	(291)
Profit/loss after tax from continuing operations		**2,455**	**1,093**
Gains/losses from discontinued operations		453	62
Profit/loss after tax		**2,907**	**1,155**
Profit attributable to non-controlling interests		(107)	(100)
Consolidated profit/loss		**2,801**	**1,055**

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.

Other comprehensive income and total comprehensive income

in € million	Notes	1/1-30/9/2022	1/1/-30/9/2021[1]
Profit/loss after tax		**2,907**	**1,155**
Items which are not reclassified to profit or loss		**52**	**14**
Remeasurements of defined benefit plans	[29]	37	7
Fair value changes of equity instruments	[15]	(43)	4
Fair value changes due to changes in credit risk of financial liabilities	[26]	39	2
Share of other comprehensive income from companies valued at equity	[20]	18	2
Deferred taxes on items which are not reclassified to profit or loss	[22, 30]	0	0
Items that may be reclassified subsequently to profit or loss		**1,013**	**132**
Exchange differences		1,409	269
Hedge of net investments in foreign operations	[19, 28]	(38)	(72)
Adaptions to the cash flow hedge reserve	[19, 28]	(79)	(14)
Fair value changes of financial assets	[15]	(141)	(40)
Share of other comprehensive income from companies valued at equity	[20]	(180)	(20)
Deferred taxes on items which may be reclassified to profit or loss	[22, 30]	42	9
Other comprehensive income		**1,066**	**146**
Total comprehensive income		**3,973**	**1,301**
Profit attributable to non-controlling interests		(97)	(120)
hereof income statement		(107)	(100)
hereof other comprehensive income		10	(21)
Profit/loss attributable to owners of the parent		**3,876**	**1,180**

1 Previous-year figures adapted due to changed allocation

Earnings per share

in € million	1/1-30/9/2022	1/1-30/9/2021
Consolidated profit/loss	2,801	1,055
Dividend claim on additional tier 1	(70)	(70)
Profit/loss attributable to ordinary shares	**2,731**	**985**
Average number of ordinary shares outstanding in million	329	329
Earnings per share in €	**8.31**	**3.00**
Earnings per share from continuing operations in €	**6.93**	**2.81**

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	30/9/2022	31/12/2021
Cash, cash balances at central banks and other demand deposits	[13]	55,988	38,557
Financial assets - amortized cost	[14]	144,754	132,645
Financial assets - fair value through other comprehensive income	[15, 33]	3,398	4,660
Non-trading financial assets - mandatorily fair value through profit/loss	[16, 33]	735	966
Financial assets - designated fair value through profit/loss	[17, 33]	91	264
Financial assets - held for trading	[18, 33]	9,586	4,112
Hedge accounting	[19]	232	352
Investments in subsidiaries and associates	[20]	772	968
Tangible fixed assets	[21]	1,678	1,640
Intangible fixed assets	[21]	921	933
Current tax assets	[22]	90	73
Deferred tax assets	[22]	327	152
Non-current assets and disposal groups classified as held for sale	[23]	16	5,531
Other assets	[24]	1,245	1,248
Total		**219,834**	**192,101**

Equity and liabilities

Equity and liabilities in € million	Notes	30/9/2022	31/12/2021[1]
Financial liabilities - amortized cost	[25]	184,789	161,700
Financial liabilities - designated fair value through profit/loss	[26, 33]	1,032	1,323
Financial liabilities - held for trading	[27, 33]	10,083	5,873
Hedge accounting	[28]	1,306	292
Provisions for liabilities and charges	[29]	1,165	1,390
Current tax liabilities	[30]	152	87
Deferred tax liabilities	[30]	43	46
Liabilities included in disposal groups classified as held for sale	[23]	0	4,829
Other liabilities	[31]	1,879	1,085
Equity	[32]	19,385	15,475
Consolidated equity		16,696	12,843
Non-controlling interests		1,077	1,010
Additional tier 1		1,611	1,622
Total		**219,834**	**192,101**

1 Previous-year figures adapted due to changed allocation

Statement of 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 1/1/2022	**1,002**	**4,992**	**10,121**	**(3,272)**	**12,843**	**1,010**	**1,622**	**15,475**
Capital increases/ decreases	0	0	0	0	0	0	0	0
Allocation dividend - AT1	0	0	(46)	0	(46)	0	46	0
Dividend payments	0	0	0	0	0	(26)	(46)	(72)
Own shares	0	0	0	0	0	0	(11)	(11)
Other changes	0	0	19	4	23	(3)	0	20
Total comprehensive income	0	0	2,801	1,076	3,876	97	0	3,973
Equity as at 30/9/2022	**1,002**	**4,992**	**12,895**	**(2,193)**	**16,696**	**1,077**	**1,611**	**19,385**

in € million	Subscribed capital	Capital reserves	Retained earnings	Cumulative other comprehensive income	Consolidated equity	Non-controlling interests	Additional tier 1	Total
Equity as at 1/1/2021	**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	(47)	0	(47)	0	47	0
Dividend payments	0	0	(158)	0	(158)	(38)	(47)	(243)
Own shares	0	0	0	0	0	0	(7)	(7)
Other changes	0	0	29	0	29	16	0	44
Total comprehensive income	0	0	1,055	125	1,180	120	0	1,301
Equity as at 30/9/2021	**1,002**	**4,992**	**10,113**	**(3,268)**	**12,839**	**968**	**1,626**	**15,432**

Statement of cash flows

in € million	Notes	1/1-30/9/2022	1/1-30/9/2021
Cash, cash balances at central banks and other demand deposits as at 1/1	**[13]**	**38,557**	**33,660**
Operating activities:			
Profit/loss before tax		3,044	1,452
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]	343	300
Net provisioning for liabilities and charges and impairment losses on financial assets	[7, 11, 29]	897	325
Gains/losses from the measurement and derecognition of assets and liabilities	[5, 9]	(534)	(43)
Current income from investments in associates	[3]	(55)	(34)
Other adjustments (net)[1]		(2,175)	(2,314)
Subtotal		**1,519**	**(314)**
Changes in assets and liabilities arising from operating activities after corrections for non-cash positions:			
Financial assets - amortized cost	[14]	(2,484)	(10,212)
Financial assets - fair value through other comprehensive income	[15, 33]	701	1
Non-trading financial assets - mandatorily fair value through profit/loss	[16, 33]	221	(145)
Financial assets - designated fair value through profit/loss	[17, 33]	175	119
Financial assets - held for trading	[18, 33]	1,009	331
Other assets	[24]	(22)	(25)
Financial liabilities - amortized cost	[25]	16,024	18,659
Financial liabilities - designated fair value through profit/loss	[26, 33]	(164)	(86)
Financial liabilities - held for trading	[27, 33]	56	(169)
Provisions for liabilities and charges	[29]	(250)	(104)
Other liabilities	[31]	307	107
Interest received	[1]	4,891	3,110
Interest paid	[1]	(1,423)	(789)
Dividends received	[2, 48]	78	169
Income taxes paid	[12]	(631)	(273)
Net cash from operating activities		**20,006**	**10,378**
Investing activities:			
Cash and cash equivalents from changes in scope of consolidation due to materiality		(7)	203
Payments for purchase of:			
Investment securities and shares	[14, 20]	(4,447)	(2,077)
Tangible and intangible fixed assets	[21]	(259)	(238)
Subsidiaries		198	(344)
Proceeds from sale of:			
Investment securities and shares	[14, 20]	1,168	1,170
Tangible and intangible fixed assets	[21]	119	25
Subsidiaries	[9]	32	0
Net cash from investing activities		**(3,197)**	**(1,262)**
Financing activities:			
Capital decreases		(11)	(7)
Inflows subordinated financial liabilities	[25, 26]	497	435
Outflows subordinated financial liabilities	[25, 26]	(330)	0
Dividend payments		(72)	(243)
Cash flows for leases		(54)	(48)
Inflows from changes in non-controlling interests		0	49
Net cash from financing activities		**31**	**186**
Effect of exchange rate changes		591	170
Cash, cash balances at central banks and other demand deposits as at 30/9	**[13]**	**55,988**	**43,133**

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

Segment reporting

As a rule, internal management reporting at RBI is based on the current organizational structure. This matrix structure means that each member of the Management Board is responsible both for individual countries and for specific business activities (country and functional responsibility model). A cash generating unit (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.

This results in the following segments:

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

The sale of 100 per cent of the shares in Raiffeisenbank (Bulgaria) EAD and its wholly-owned subsidiary Raiffeisen Leasing Bulgaria EOOD to KBC Bank, which was agreed in November 2021, has been successfully completed. As all conditions for the closing of the transaction, including all necessary regulatory approvals, were met in June 2022, the deconsolidation of Raiffeisenbank (Bulgaria) EAD became effective as at 30 June 2022.

1/1-30/9/2022 in € million	Central Europe	Southeastern Europe	Eastern Europe	Group Corporates & Markets
Net interest income	985	664	1,447	505
Dividend income	3	6	0	12
Current income from investments in associates	4	0	6	3
Net fee and commission income	415	336	1,442	451
Net trading income and fair value result	(31)	(14)	326	95
Net gains/losses from hedge accounting	6	0	(23)	(12)
Other net operating income	(6)	28	(23)	84
Operating income	**1,375**	**1,020**	**3,175**	**1,138**
General administrative expenses	(660)	(480)	(664)	(558)
Operating result	**715**	**539**	**2,511**	**579**
Other result	(181)	(4)	(4)	4
Governmental measures and compulsory contributions	(117)	(36)	(50)	(40)
Impairment losses on financial assets	(15)	(38)	(569)	(95)
Profit/loss before tax	**403**	**461**	**1,889**	**448**
Income taxes	(107)	(67)	(399)	(93)
Profit/loss after tax from continuing operations	**296**	**394**	**1,490**	**355**
Gains/losses from discontinued operations	0	46	0	0
Profit/loss after tax	**296**	**440**	**1,490**	**355**
Profit attributable to non-controlling interests	(94)	0	(7)	(13)
Profit/loss after deduction of non-controlling interests	**201**	**439**	**1,483**	**342**
Return on equity before tax	14.0%	19.4%	75.3%	15.3%
Return on equity after tax	10.2%	18.5%	59.4%	12.2%
Net interest margin (average interest-bearing assets)	2.27%	3.31%	6.14%	1.09%
Cost/income ratio	48.0%	47.1%	20.9%	49.1%
Loan/deposit ratio	86.6%	71.9%	50.9%	143.5%
Provisioning ratio (average loans to customers)	0.05%	0.31%	3.67%	0.33%
NPE ratio	1.5%	2.2%	2.2%	1.4%
NPE coverage ratio	61.4%	70.1%	60.7%	55.7%
Assets	60,030	31,140	40,299	71,592
Total risk-weighted assets (RWA)	25,641	17,893	30,202	33,051
Equity	4,119	3,392	5,800	4,279
Loans to customers	37,138	17,873	15,766	39,265
Deposits from customers	44,169	24,966	31,153	33,448
Business outlets	364	738	574	23
Employees as at reporting date (full-time equivalents)	9,736	12,539	16,453	3,369
Customers in million	3.7	4.9	6.7	1.9

1/1-30/9/2022 in € million	Corporate Center	Reconciliation	Total
Net interest income	(53)	44	3,591
Dividend income	219	(199)	40
Current income from investments in associates	42	0	55
Net fee and commission income	46	(8)	2,682
Net trading income and fair value result	74	23	471
Net gains/losses from hedge accounting	3	5	(21)
Other net operating income	65	(118)	30
Operating income	**397**	**(255)**	**6,849**
General administrative expenses	(322)	110	(2,574)
Operating result	**75**	**(145)**	**4,275**
Other result	(39)	(3)	(225)
Governmental measures and compulsory contributions	(42)	0	(285)
Impairment losses on financial assets	(13)	11	(721)
Profit/loss before tax	**(20)**	**(137)**	**3,044**
Income taxes	77	0	(589)
Profit/loss after tax from continuing operations	**58**	**(137)**	**2,455**
Gains/losses from discontinued operations	398	10	453
Profit/loss after tax	**455**	**(127)**	**2,907**
Profit attributable to non-controlling interests	0	8	(107)
Profit/loss after deduction of non-controlling interests	**455**	**(120)**	**2,801**
Return on equity before tax	–	–	25.7%
Return on equity after tax	–	–	24.5%
Net interest margin (average interest-bearing assets)	–	–	2.49%
Cost/income ratio	–	–	37.6%
Loan/deposit ratio	–	–	83.4%
Provisioning ratio (average loans to customers)	–	–	0.71%
NPE ratio	–	–	1.5%
NPE coverage ratio	–	–	61.5%
Assets	48,284	(31,510)	219,834
Total risk-weighted assets (RWA)	16,329	(14,620)	108,496
Equity	8,339	(6,544)	19,385
Loans to customers	752	(1,729)	109,066
Deposits from customers	173	(4,122)	129,786
Business outlets	–	–	1,699
Employees as at reporting date (full-time equivalents)	1,927	–	44,024
Customers in million	0.0	–	17.2

1/1-30/9/2021[1] in € million	Central Europe	Southeastern Europe	Eastern Europe	Group Corporates & Markets
Net interest income	603	541	772	426
Dividend income	10	4	1	4
Current income from investments in associates	3	0	2	2
Net fee and commission income	347	283	391	391
Net trading income and fair value result	11	18	(1)	43
Net gains/losses from hedge accounting	0	0	0	0
Other net operating income	24	9	(15)	92
Operating income	**997**	**856**	**1,149**	**959**
General administrative expenses	(559)	(422)	(441)	(510)
Operating result	**438**	**433**	**708**	**449**
Other result	(147)	(30)	(8)	2
Governmental measures and compulsory contributions	(51)	(28)	(36)	(31)
Impairment losses on financial assets	(17)	(17)	(64)	(48)
Profit/loss before tax	**223**	**358**	**600**	**372**
Income taxes	(70)	(55)	(133)	(81)
Profit/loss after tax from continuing operations	**153**	**303**	**467**	**291**
Gains/losses from discontinued operations	0	52	0	0
Profit/loss after tax	**153**	**355**	**467**	**291**
Profit attributable to non-controlling interests	(60)	0	(35)	(9)
Profit/loss after deduction of non-controlling interests	**93**	**355**	**432**	**282**
Return on equity before tax	8.5%	13.7%	31.6%	15.8%
Return on equity after tax	5.8%	13.6%	24.6%	12.4%
Net interest margin (average interest-bearing assets)	1.59%	3.08%	5.15%	1.04%
Cost/income ratio	56.0%	49.4%	38.4%	53.2%
Loan/deposit ratio	81.2%	64.7%	76.9%	138.1%
Provisioning ratio (average loans to customers)	0.07%	0.16%	0.66%	0.18%
NPE ratio	1.7%	2.6%	1.9%	1.5%
NPE coverage ratio	58.3%	68.7%	66.7%	60.6%
Assets	57,319	32,336	23,163	60,747
Total risk-weighted assets (RWA)	23,133	17,394	16,015	30,296
Equity	3,759	3,731	2,932	3,874
Loans to customers	33,224	17,494	14,210	37,003
Deposits from customers	42,031	26,185	18,806	28,911
Business outlets	370	811	596	20
Employees as at reporting date (full-time equivalents)	9,843	13,781	17,103	3,281
Customers in million	3.6	5.3	7.9	1.9

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.

1/1-30/9/2021[1] in € million	Corporate Center	Reconciliation	Total
Net interest income	(21)	31	2,352
Dividend income	643	(626)	34
Current income from investments in associates	27	0	34
Net fee and commission income	21	(10)	1,424
Net trading income and fair value result	(30)	(13)	29
Net gains/losses from hedge accounting	(1)	(3)	(4)
Other net operating income	83	(109)	84
Operating income	**722**	**(730)**	**3,952**
General administrative expenses	(292)	101	(2,122)
Operating result	**430**	**(629)**	**1,830**
Other result	63	0	(120)
Governmental measures and compulsory contributions	(35)	0	(181)
Impairment losses on financial assets	(1)	2	(145)
Profit/loss before tax	**458**	**(627)**	**1,384**
Income taxes	43	4	(291)
Profit/loss after tax from continuing operations	**501**	**(622)**	**1,093**
Gains/losses from discontinued operations	0	10	62
Profit/loss after tax	**501**	**(612)**	**1,155**
Profit attributable to non-controlling interests	0	4	(100)
Profit/loss after deduction of non-controlling interests	**501**	**(608)**	**1,055**
Return on equity before tax	–	–	12.9%
Return on equity after tax	–	–	10.8%
Net interest margin (average interest-bearing assets)	–	–	1.94%
Cost/income ratio	–	–	53.7%
Loan/deposit ratio	–	–	87.0%
Provisioning ratio (average loans to customers)	–	–	0.21%
NPE ratio	–	–	1.6%
NPE coverage ratio	–	–	62.2%
Assets	41,288	(24,243)	190,610
Total risk-weighted assets (RWA)	16,276	(14,253)	88,862
Equity	7,909	(6,773)	15,432
Loans to customers	355	(1,626)	100,659
Deposits from customers	1,686	(2,968)	114,651
Business outlets	–	–	1,797
Employees as at reporting date (full-time equivalents)	1,817	–	45,825
Customers in million	0.0	–	18.6

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.

Notes

Principles underlying the consolidated financial statements

The condensed interim consolidated financial statements are prepared in accordance with the International Financial Reporting Standards (IFRS) published by the International Accounting Standards Board (IASB) and the international accounting standards adopted by the EU on the basis of IAS Regulation (EC) 1606/2002 including the applicable interpretations of the International Financial Reporting Interpretations Committee (IFRIC/SIC). For the preparation of the interim consolidated financial statements, the same accounting policies are applied as described in detail in the annual consolidated financial statements as at 31 December 2021. Furthermore, the interim consolidated financial statements also consider the requirements in accordance with IAS 34 regarding the form and content of interim financial reporting. Information on cyclical expenses and income is addressed in the management report.

Some IFRS disclosures made outside the notes form an integral part of the consolidated financial statements. These are mainly explanations on net income from segments, which are included in the notes on segment reporting. In addition to the disclosures pursuant to IFRS 7 which are included in the notes, the risk report section especially contains detailed information on credit risk, concentration risk, market risk and liquidity risk.

Changes to the income statement

Until the sale of the Bulgarian Group units in June 2022, the presentation was changed in accordance with IFRS 5. This business operation was classified as a disposal group held for sale in the reporting periods until sold and presented separately in the statement of financial position. The income statement has been represented in the item gains/losses from discontinued operations and the comparative period has been adapted accordingly. In the reporting period, the sales revenue was also reported in this item in addition to the Group unit's current result contribution.

Changes in accounting policy

Recognition of credit-linked provisions for legal disputes related to foreign currency (CHF) mortgage loans

From the second quarter onwards, RBI has changed its accounting policy in terms of the recognition of the impact related to credit-linked provisions for mortgage loans denominated in CHF. Prior to that, RBI reported such provisions – both for existing and for repaid loans in accordance with IAS 37 in the item provisions, contingent liabilities and contingent assets. As of now they have been recognized as a deduction from the gross carrying of the loan agreement in accordance with IFRS 9.B5.4.6 as far as they are related to existing loan agreements.

The reason for the change in accounting policy is the growing number of court cases and the mainly unfavorable court judgments in relation to the invalidity of the contract. As a result, RBI expects that it will not receive the full amount of contractual cash flow related to those loans. Therefore, in relation to active loans, the Group revised its estimates of cash flows and adjusted the gross carrying amount of those loans in accordance with IFRS 9 B5.4.6. as the change in expected cash flows is not related to credit risk and therefore is not recognized as expected credit losses.

Provisions for repaid loans are calculated in accordance with IAS 37.

RBI made the change to its accounting policies as allowed by IAS 8 in order to provide users of financial statements with more relevant information regarding the impact of the CHF mortgage litigation on the financial position, financial performance and cash flows of RBI. In RBI's opinion such approach provides better reflection of value of CHF-indexed loans in the statement of financial position. The changed approach will also allow for better comparability of financial statements across the financial sector and as such the accounting treatment constitutes the prevailing market practice in Poland.

The line item in the statement of comprehensive income for the change in provisions remains the other result (credit-linked and portfolio-based provisions for litigation). The previous periods were not adjusted in the individual notes due to immateriality.

in € million	1/1/2021	Adjustment	1/1/2021 (restated)
Financial assets - amortized cost	**116,596**	**(74)**	**116,522**
Loans and advances to households	34,101	(74)	34,027
Total assets	**165,959**	**(74)**	**165,885**

in € million	1/1/2021	Adjustment	1/1/2021 (restated)
Provisions for liabilities and charges	**1,061**	**(74)**	**986**
Pending legal issues and tax litigation	247	(74)	173
Total equity and liabilities	**151,671**	**(74)**	**151,597**

in € million	30/9/2021	Adjustment	30/9/2021 (restated)
Financial assets - amortized cost	**132,329**	**(195)**	**132,134**
Loans and advances to households	38,313	(195)	38,118
Total assets	**190,610**	**(195)**	**190,415**

in € million	30/9/2021	Adjustment	30/9/2021 (restated)
Provisions for liabilities and charges	**1,251**	**(195)**	**1,056**
Pending legal issues and tax litigation	400	(195)	205
Total equity and liabilities	**175,178**	**(195)**	**174,983**

in € million	31/12/2021	Adjustment	31/12/2021 (restated)
Financial assets - amortized cost	**132,645**	**(309)**	**132,335**
Loans and advances to households	37,742	(309)	37,432
Total assets	**192,101**	**(309)**	**191,791**

in € million	31/12/2021	Adjustment	31/12/2021 (restated)
Provisions for liabilities and charges	**1,454**	**(309)**	**1,145**
Pending legal issues and tax litigation	551	(309)	242
Total equity and liabilities	**176,625**	**(309)**	**176,316**

ECB Targeted Longer-Term Refinancing Operations (TLTRO III)

In connection with the ECBs targeted longer-term refinancing operations (TLTRO III) the accounting policy approach was changed according to IAS 8.14 in the fourth quarter 2021. Instead of the previously applied method of amortizing the so-called COVID bonus for the special interest rate periods over the entire term of the refinancing received under the effective interest rate method as a result of a change in estimate according to IFRS 9 B5.4.5, the present value method according to IFRS 9 B5.4.6 was applied. In this context reference is made to the Annual Report 2021, chapter principles underlying the consolidated financial statements.

The previous periods were not adjusted in the individual notes due to immateriality. If the previous year's period had been adjusted, the net interest income and in further consequence the profit before tax as at 30 September 2021 would have increased € 17 million to € 2,369 million and € 1,401 million, respectively. The carrying amount of financial liabilities measured at amortized cost would have been decreased € 17 million to € 165,252 million as at 30 September 2021 due to the adjustment. This adjustment would have had no effect on the net interest income, on the consolidated profit and the liabilities as at 31 December 2021, as the accounting policy approach had already been changed at that time.

At the reporting date, the carrying amount 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 € 8,413 million. In the financial year, negative interest from the TLTRO III programs amounting to about € 24 million were recognized in the item (1) Net interest income.

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. The critical assumptions, estimates and accounting judgments primarily affect impairment losses in the credit business, the fair value and impairment of financial instruments, deferred taxes, provisions for pensions and pension-related liabilities, provisions for litigations as well as the calculations used to determine the recoverability of goodwill and the intangible assets capitalized in the course of the initial consolidation. The actual amount recognized may differ from the estimated values.

In the context of the geopolitical situation RBI is also exposed to higher risks related to foreign exchange translations. Details can be found in the chapter currencies.

Going concern

The RBI Board of Management has prepared the consolidated financial statements as at 30 September 2022 on a going concern basis as they do not intend to liquidate RBI and based on current available information this is considered a realistic intention.

RBI has analyzed several reasonably possible scenarios based on the current situation in Ukraine and Russia. A range of sources have been considered about present and expected future conditions in making the assessment. Planning indicates that RBI has the required economic resources to be able to meet ongoing regulatory requirements as well as being able to fund business and liquidity needs (liquidity and funding profile, including forecasts of internal liquidity metrics and regulatory liquidity coverage ratios). Furthermore, RBI has robust systems in place to mitigate the operational disruption of doing business in a warzone including the threat of cyberattacks. The most recent internally generated stress testing scenarios for liquidity and capital requirements have shown that RBI has adequate resources to withstand reasonably possible downside scenarios.

The RBI Board of Management has concluded that there are no material uncertainties that could cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval (2 November 2022) of the interim report to be issued.

Application of new and revised standards

Unless otherwise stated, the application of the following standards and interpretations did not have a material impact on the consolidated financial statements of 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.

Standards and interpretations not yet applicable

Information on this can be seen in the Annual Report 2021, chapter recognition and measurement principles.

Currencies

Rates in units per €	2022 As at 30/9	2022 Average 1/1-30/9	2021 As at 31/12	2021 Average 1/1-30/9
Albanian lek (ALL)	116.600	119.615	120.760	122.797
Belarusian ruble (BYN)	2.396	2.794	2.883	3.065
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)	7.524	7.538	7.516	7.529
Polish zloty (PLN)	4.848	4.679	4.597	4.554
Romanian leu (RON)	4.949	4.937	4.949	4.912
Russian ruble (RUB)	57.157	74.170	85.300	88.718
Serbian dinar (RSD)	117.318	117.523	117.582	117.551
Czech koruna (CZK)	24.549	24.637	24.858	25.794
Ukrainian hryvnia (UAH)	35.561	33.061	30.923	32.922
Hungarian forint (HUF)	422.180	386.760	369.190	357.232
US dollar (USD)	0.975	1.064	1.133	1.197

In the context of the geopolitical situation, RBI is exposed to increased risks related to foreign currency translations. Due to the development in Ukraine and Russia, numerous states decided on a series of sanctions against Russia, which in turn led to countersanctions from Russia and the introduction of capital controls in Russia. They pursue the goal of preventing capital outflows and stabilizing the exchange rate of the Russian ruble. As a result, the ECB stopped publishing an official EUR/RUB exchange rate and an actual and factually achievable exchange rate (e.g. determined by Bloomberg: off-shore rate) established itself in addition to the theoretical, official exchange rate (rate determined by the Russian central bank on the basis of data from the Moscow Stock Exchange: on-shore rate). In addition, RBI is exposed to increased uncertainty regarding foreign currency translation in Ukraine and Belarus, however, due to the limited business volume and lower dynamics related to sanctions and capital controls, to a lesser extent than in Russia. At the end of February, Ukraine's central bank decided to fix the national currency, the hryvnia, to the US dollar. Moreover, it introduced restrictions according to which transactions on the interbank market may not exceed the exchange rate of Ukraine's central bank plus 1 per cent, there are no such restrictions for cash transactions. Ukraine's central bank devalued the national currency hryvnia by 25 per cent against the US dollar in July 2022 due to the impact of the war with Russia and fixed it at 36.5686. There was no negative impact on the income statement. In Belarus, there are currently no significant regulatory restrictions on the currency market.

RBI is exposed to these risks particularly in the translation of monetary items into a foreign currency and in the translation of fully consolidated foreign business operations. According to IAS 21, the respective closing rate is to be used when translating monetary items into the functional currency. The closing rate is in turn defined as the exchange rate that would apply if the transaction were executed immediately. In particular, it must be taken into account whether an officially quoted price is available on the closing date and whether it is available for immediate settlement. If multiple exchange rates are available, the exchange rate at which the future cash flows from the transaction could have been settled on the reporting date is to be used in accordance with IAS 21.26. Based on that, RBI analyses the contractual arrangement and de facto feasibility of its transactions in Russian ruble outside Russia in order to determine the rate to be used. In summary, RBI has concluded that this rate would have been to the most part the off-shore rate, which is therefore used in the currency translation as at 30 September 2022. RBI does not hold any material positions in Belarusian ruble and Ukrainian hryvnia outside of these two countries.

RBI has subsidiaries that report in a functional currency other than the Group's presentation currency. The translation of fully consolidated foreign operations into the reporting currency of RBI must be carried out in accordance with IAS 21.39:

- At the closing rate at the reporting date (assets and liabilities)
- At the exchange rate at the time of the respective transactions or, for practical reasons, at an appropriate average rate (income and expenses).

For this purpose, as with the translation of foreign currency transactions, the determination of suitable exchange rates is necessary. Usually, the exchange rate used for this purpose is the one that would be applied when converting dividends from the foreign business operation or for any capital repatriations. Due to the government restrictions introduced in Russia, RBI assumes that inflows from foreign business operations in Russia could not be converted at the official exchange rate of the Russian central bank or that of the Moscow Stock Exchange as at the reporting date, rather, the actual and factually achievable rate would be applied. In transactions with international banks, the off-shore rate is usually used for this purpose; accordingly, the foreign business operation in Russia was translated at this rate on the reporting date. As at 30 September 2022, the EUR/RUB exchange rate (off-shore rate) used by RBI was 57.16 and that of the Russian central bank (on-shore rate) was 55.41. In any case, due to the small difference between the rates, a conversion at the official rate in Russia would not have led to any material differences compared to the effects from the rate used.

For the Belarusian ruble and the Ukrainian hryvnia, the rates published by the respective central bank continued to be considered suitable rates by RBI. However, due to the small size of the foreign operations in these countries (see chapter risk report), RBI is only exposed to a limited risk regarding foreign currency translation.

RBI addresses the challenging conditions in the geopolitical environment and the resulting changes in the currency markets with ongoing monitoring of the estimates and assumptions presented here. In connection with similar circumstances, the IFRIC explicitly pointed out in its meeting on September 2018 (IFRIC Update 09-18) that companies in such a market environment have to examine on an ongoing basis and on each reporting date whether the exchange rate used represents the correct rate in accordance with IAS 21.

Consolidated group

	Fully consolidated	
Number of units	**30/9/2022**	**31/12/2021**
As at beginning of period	**204**	**209**
Included for the first time in the financial period	2	6
Merged in the financial period	(4)	(1)
Excluded in the financial period	(11)	(10)
As at end of period	**191**	**204**

Included units

Company, domicile (country)	Share	Included as of	Reason
Banks			
Crédit Agricole Srbija AD, Novi Sad (RS)	100.0%	1/4	Purchase
Other companies			
Insurance Limited Liability Company "Priorlife", Minsk (BY)	87.7%	1/1	Materiality

On 1 April 2022, the closing for the acquisition of a 100 per cent stake in Crédit Agricole Srbija AD (CASRS), Novi Sad, by Raiffeisen banka a.d., Belgrade, took place. Crédit Agricole Srbija AD, Novi Sad, was included in the consolidated financial statements for the first time as of 1 April 2022. At the time of completion of the interim consolidated financial statements, the necessary market valuations and other calculations had not yet been finalized, so that the first-time consolidation was based on the preliminary opening balance in accordance with IFRS 3.45.

The final consideration depends on the audited equity in the final balance of Crédit Agricole Srbija AD, Novi Sad.

The acquisition of Crédit Agricole Srbija AD is part of RBI`s strategy to expand its presence in selected markets. Serbia is a market that offers a lot of growth potential. The acquisition of Crédit Agricole Srbija AD, with around 356,000 customers, complements the strategy of the Serbian subsidiary bank and will support RBI`s growth ambitions in this market. Crédit Agricole Srbija AD is expected to be merged into the Serbian subsidiary bank, Raiffeisen banka a.d., Belgrade, in April 2023. As a result, synergies can be exploited and market share increased. The gross carrying amount of the acquired receivables amounted to € 1,040 million at the date of first-time consolidation.

In the course of the preliminary purchase price allocation in accordance with IFRS 3, the existing customer relationships and the core deposits were identified as intangible fixed assets to be accounted for separately. The useful life was set at eight year and nine years respectively. Furthermore, the brand name of Crédit Agricole Srbija AD was identified as an intangible fixed assets to be accounted for separately, which is depreciated over the useful life of six months. In addition, a goodwill of € 12 million that is not tax deductible was recognized during the purchase price allocation.

The assets and liabilities were shown in the opening balance in accordance with IFRS 3.4 at their fair values (purchase price method):

in € million	1/4/2022
Cash, cash balances at central banks and other demand deposits	353
Financial assets - amortized cost	1,012
Financial assets - fair value through other comprehensive income	28
Financial assets - held for trading	0
Investments in subsidiaries and associates	2
Tangible fixed assets	24
Intangible fixed assets	8
Software	1
Core deposits intangibles	5
Customer relationships	1
Current tax assets	0
Deferred tax assets	0
Other assets	4
Assets	**1,431**
Financial liabilities - amortized cost	1,273
Financial liabilities - held for trading	0
Provisions for liabilities and charges	4
Current tax liabilities	3
Deferred tax liabilities	2
Other liabilities	5
Total identifiable net assets	**144**
Non-controlling interests	0
Net assets after non-controlling interests	**144**
Total consideration transferred	156
Goodwill	**12**

in € million	1/4/2022
Cost of aquisition	(156)
Liquid funds	353
Cash flow for the acquisition	**198**

Presentation of the following items since the date of inclusion according to IFRS 3 B64 (q) (i):

in € million	1/4-30/9/2022
Net interest income	25
Operating result	18
Profit/loss after tax	**14**

Due to insufficient information, a full-year view according to IFRS 3 B64 (q) (ii) is not presented.

Excluded units

Company, domicile (country)	Share	Excluded as of	Reason
Banks			
Equa bank a.s., Prague (CZ)	75.0%	1/1	Merger
Raiffeisenbank (Bulgaria) EAD, Sofia (BG)	100.0%	30/6	Sale
Financial institutions			
IMPULS-LEASING Slovakia s.r.o., Bratislava (SK)	78.7%	1/4	Merger
Limited Liability Company "Raiffeisen Leasing", Kiev (UA)	72.3%	1/1	Materiality
Raiffeisen Immobilienfonds, Vienna (AT)	96.5%	1/3	Materiality
Raiffeisen Leasing Bulgaria EOOD, Sofia (BG)	100.0%	30/6	Sale
Raiffeisen stambena stedionica d.d., Zagreb (HR)	100.0%	1/5	Merger
Realplan Beta Liegenschaftsverwaltung Gesellschaft m.b.H., Vienna (AT)	100.0%	1/4	Sale
RL Thermal Beteiligungen GmbH, Vienna (AT)	100.0%	1/4	Sale
RL Thermal GmbH & Co Liegenschaftsverwaltung KG, Vienna (AT)	100.0%	1/4	Sale
RL Thermal GmbH, Vienna (AT)	100.0%	1/4	Sale
RZB Finance (Jersey) III Ltd, St. Helier (JE)	100.0%	1/4	End of operations
Vindobona Immobilienleasing GmbH & Co. Projekt Autohaus KG, Eschborn (DE)	6.0%	1/9	Sale
Companies rendering bank-related ancillary services			
KONEVOVA s.r.o., Prague (CZ)	75.0%	30/6	Sale
Financial holding companies			
RBI IB Beteiligungs GmbH, Vienna (AT)	100.0%	1/9	Merger

The sale of 100 per cent of the shares in Raiffeisenbank (Bulgaria) EAD and its wholly owned subsidiary Raiffeisen Leasing Bulgaria EOOD to KBC Bank, which was agreed in November 2021, had been successfully completed. At the time of deconsolidation as at 30 June 2022, the sale had a positive effect of 75 basis points on RBI's common equity tier 1 capital ratio, based on the agreed selling price of € 1,009 million, equity of € 601 million and the deconsolidation of € 3.3 billion of risk-weighted assets in total.

As all conditions for the closing of the transaction, including all necessary regulatory approvals, were met in June 2022, the deconsolidation of Raiffeisenbank (Bulgaria) EAD became effective as at 30 June 2022. The criteria of control in accordance with IFRS 10 were no longer met, as the right to fluctuating returns or the ability to influence the amount of the subsidiary's return had ceased to exist. Accordingly, the transaction was already reflected in RBI's financial results in the second quarter of 2022. The formal closing took place on 7 July 2022. The additional capital resulting from the sale strengthens RBI's capital base and supports growth in selected markets.

in € million	Bulgaria
Assets	5,810
Liabilities	5,209
Total identifiable net assets	**601**
Non-controlling interests	0
Net assets after non-controlling interests	**601**
Selling price/carrying amount	1,009
Effect from deconsolidation	**408**
Net gains/losses reclassified to income statement	(10)
Result of deconsolidation	**398**

The result of deconsolidation was shown under the item gains/losses from discontinued operations. Furthermore, the first-half year current result contribution of € 55 million of Raiffeisenbank (Bulgaria) EAD and its wholly owned subsidiary Raiffeisen Leasing Bulgaria EOOD was also shown under this item.

Consequences and analysis of the armed conflict between Russia and Ukraine on the interim report as at 30 September 2022

Control event

The significant changes in the economic and political environment due to the war may indicate changes in the ability of an investor to control subsidiaries according to IFRS 10 in the affected areas. For RBI, especially Ukraine, Russia and Belarus can be counted among the affected areas.

In assessing control, RBI`s examination includes if 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 according to the requirements of IFRS 10. If voting rights are relevant, RBI 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. RBI 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 RBI has the ability to control the relevant activities due to the extent and distribution of voting rights of the investees. If facts and circumstances indicate that there are changes to one or more elements of control, a reassessment whether control over the investee still exists is done.

When examining the facts and circumstances RBI carefully considered whether there have been changes that may significantly limit its ability to exercise the rights or governance provisions with respect to a subsidiary as a result of the war or the sanctions imposed. RBI has concluded that no changes are necessary in the assessment of control and that control was not lost over the subsidiaries in the affected areas. Further information on the consolidation principles can be found in the Annual Report 2021, chapter recognition and measurement principles.

Western countries, however, have imposed strong sanctions on Russian entities, the Russian central bank and the Russian government. At the same time, Russia has imposed restrictions on capital flows to so-called unfriendly countries. Both hamper the servicing of international debt and profit distributions. From the current perspective, the results for the first three quarters of 2022 of € 1,420 million for Russia and € 71 million for Belarus cannot be distributed in form of dividends.

Concentration risk

Due to outbreak of war in Ukraine, RBI`s activities in Russia, Ukraine and Belarus have been exposed to increased risk. The heightened risk is driven by several factors such as the destruction of livelihoods and infrastructure in Ukraine as well as the loss and blockading of ports, sanctions imposed on Russia, uncertainty about the length of the war and price instability and economic contraction in Eastern Europe. The exposure to Russia, Ukraine and Belarus is presented in the tables below.

The first table shows the split of the net carrying amount of loans and advances and debt securities based on IFRS measurement categories as well as the nominal of the off-balance exposure after impairments. The second table shows the split of the net carrying amount on counterparty level, whereby derivatives of the trading book are shown separately. Both tables are based on country view based on IFRS 8 segmentation. The increases in Russia resulted from the appreciation of the Russian ruble.

	30/9/2022				31/12/2021			
in € million	**Russia**	**Ukraine**	**Belarus**	**Total**	**Russia**	**Ukraine**	**Belarus**	**Total**
Financial assets - amortized cost	21,710	3,164	1,324	26,198	15,895	2,759	1,518	20,172
Financial assets - fair value through other comprehensive income	75	0	133	208	531	225	38	793
Non-trading financial assets - mandatorily fair value through profit/loss	2	0	0	2	183	0	0	183
Financial assets - designated fair value through profit/loss	2	0	0	2	23	0	0	23
Financial assets - held for trading	581	102	12	694	247	91	19	356
On-balance	**22,368**	**3,266**	**1,469**	**27,104**	**16,879**	**3,075**	**1,574**	**21,528**
Loan commitments, financial guarantees and other commitments	5,019	801	374	6,194	10,080	1,115	441	11,636
Total	**27,387**	**4,068**	**1,843**	**33,298**	**26,959**	**4,190**	**2,014**	**33,163**

in € million	30/9/2022 Russia	Ukraine	Belarus	Total	31/12/2021 Russia	Ukraine	Belarus	Total
Derivatives	421	9	1	431	86	3	2	91
Central banks	795	736	0	1,531	1,248	284	104	1,636
General governments	938	430	262	1,630	1,460	479	176	2,115
Banks	6,756	231	305	7,293	2,041	74	243	2,358
Other financial corporations	901	16	1	917	625	32	0	657
Non-financial corporations	7,038	1,661	554	9,254	7,289	1,903	723	9,915
Households	5,520	182	345	6,048	4,131	299	325	4,755
On-balance	**22,368**	**3,266**	**1,469**	**27,104**	**16,879**	**3,075**	**1,574**	**21,528**
Loan commitments, financial guarantees and other commitments	5,019	801	374	6,194	10,080	1,115	441	11,636
Total	**27,387**	**4,068**	**1,843**	**33,298**	**26,959**	**4,190**	**2,014**	**33,163**

Valuation of collateral in Ukraine

In Ukraine, there are many difficulties in determining the market value of collateral since the beginning of the war. These are on the one hand physical restrictions in some regions on the ability to conduct visual inspections and determine the potential level of damage and on the other hand the uncertainty about market development and transactions. For this reasons eligibility of collaterals was reduced and collateral discounts were increased. Especially in occupied regions non-eligible status and 100 per cent discount were applied and in regions with high risk of hostility or occupation significantly increased discounts were applied. For other areas revaluation is carried out based on the best available evidence.

Rating downgrade of Russia, Ukraine and Belarus

Since the beginning of the war in Ukraine, Russia's access to the global financial system has been steadily deteriorating. Western countries have added strong sanctions on Russian entities, including its central bank and the government. At the same time, Russia has introduced restrictions to capital flows to so-called unfriendly countries. Both impeded both the ability and willingness to service international debts. According to available information, holders of Russian sovereign bonds in foreign currency (eurobonds) did not receive coupon payments due latest on Sunday 26 June 2022. Moreover, subsequent coupons were paid in Russian rubles and not in the contractual foreign currency of the respective eurobonds. In response to this, RBI set the internal rating of Russian sovereign bonds to the lowest level possible (SOV 10). However, consistent with the regulatory guidelines and internal credit risk management the external non-payment event in this case is not considered a default as the local currency government bonds held by the Russian subsidiary bank are not affected by these restrictions, and are still paying the original expected contractual cash flows.

On 29 June 2022, the Belarusian Ministry of Finance announced that Western sanctions which have limited the country's ability to deal in foreign currencies were pushing the country into default despite being able to service its debts. According to available information, holders of Belarusian sovereign Eurobonds due in 2027 did not receive debt payments in their original currency, US dollars, after the government of Belarus said it would rather service the bonds in its own currency, the Belarus ruble. A payment which was originally due on 29 June remained unpaid upon the expiry of a 14-day grace period. In response to this, RBI set the internal rating of Belarusian sovereign bonds in July to the lowest level possible (SOV 10), however consistent with the regulatory guidelines and internal credit risk management the external non-payment event in this case is not considered a default as the government bonds according to Belarusian law held by the local subsidiary bank are still paying the original expected contractual cash flows.

On 10 August 2022, Ukraine carried out a debt restructuring due to significant macroeconomic, external and fiscal pressures emanating from the war. The restructuring has been backed by the International Monetary Fund and Western democracies as the country needs to cover general government spending as well as pay for the defense of Ukraine. The majority of the country's foreign currency bondholders agreed to a deferral of debt payments for two years. In response to this, RBI set the internal rating of Ukrainian sovereign bonds to the lowest level possible (SOV 10), however consistent with the regulatory guidelines and internal credit risk management the external non-payment event in this case is not considered a default as the local currency instruments held by the local subsidiary bank under Ukrainian law are not affected by restructuring, and are still paying the original expected contractual cash flows.

As the situation is regularly changing the decision on non-default status for Russia, Ukraine and Belarus is subject to regular review.

Reassessment of the business model in Ukraine

According to IFRS 9 4.4.1, an entity is required to reclassify its financial assets when it changes its business model for managing these financial assets. However, such reclassifications are expected to be very infrequent, must be determined by the entity's senior management because of external or internal changes, must be significant to the entity's operations and demonstrable to external parties.

In the first quarter 2022, the breakout of the war in Ukraine caused enormous disruptions in the whole economy and business environment of the country. That singular unexpected external event led to a new environment, wherein the Ukrainian subsidiary bank operated, which was not comparable to the one in prewar time. Business models in RBI are defined on local entity level under the responsibility of the accountable entity's local senior management. As a result, the local senior management of the Ukrainian subsidiary bank was forced to adopt resolutions and seize actions to reposition the bank in the new framework conditions, which are marked by an economy strongly impacted by war, uncertainty and increased financial risks. The general reorientation was not restrained to particular assets but to the whole business model of the bank and asset classes contained therein.

In course of that the reorientation, it was concluded that a business model with the objective to both collecting contractual cash flows and selling financial assets (measurement category at fair value through other comprehensive income) is not practicable and therefore obsolete in the new framework conditions, which are marked, among others, by a significant reduction in the customer loan origination. The corresponding portfolio, which consisted solely of bonds in the Ukrainian subsidiary bank, is now a strategic asset class, partly replacing the customer loan portfolios. The Ukrainian subsidiary bank ceased any operations in connection with selling of recorded financial instruments in measurement category at fair value through other comprehensive income and there are no expectations that such activities will represent a feasible business model in the foreseeable future. As of 31 March 2022, the subsidiary bank in Ukraine held a portfolio of € 213 million of bonds in measurement category at fair value through other comprehensive income with an average remaining maturity of 19 months. At that point in time, it constituted approx. 5.3 per cent of total assets of the Ukrainian subsidiary bank and was therefore assessed, by amount and qualitatively, as significant to the entity's operations according to IFRS 9 B4.4.1. The underlying facts in respect of the changed business model have been incorporated both in the formal and financial planning and steering of the Ukrainian subsidiary bank and communicated to all relevant stakeholder with the necessary due care given the circumstances. Consequently, such communication and alignment were also carried out with the National Bank of Ukraine.

Given the described circumstances it is mandatory for RBI according to IFRS 9 4.4.1 to reclassify the financial assets in measurement category at fair value through comprehensive income to the measurement category which represents the business model fitting to their effective steering under the new framework conditions. This business model is the one with the objective to collect the contractual cash flows (measurement category amortized cost). As RBI published a quarterly report as at 31 March 2022 according to IAS 34 and the change in business model was recorded in the first quarter 2022, the reclassification was done with 1 April 2022, the first day after the next reporting period, according to IFRS 9 B4.4.2.

As the reclassified assets were formerly presented in measurement category fair value through other comprehensive income, the accumulated valuation results previously recorded in other comprehensive income are to be booked out against the carrying amount of the financial assets according to IFRS 9 5.6.5 at the reclassification date and the carrying amount in measurement category amortized cost is to be presented as if these assets have always been measured at amortized cost. The expected credit losses and effective interest rate are not foreseen to be affected by the change. Consequently, RBI does not record any effects in profit or loss from the reclassification. For further information on the effects and the disclosure requirements according to IFRS 7.12D see note (15) financial assets – fair value through other comprehensive income.

Impairment test for tangible fixed assets

Due to the war between Russia and the Ukraine, tangible fixed assets in both countries were examined for indicators that could lead to an impairment in accordance with IAS 36.

In Ukraine, the tangible fixed assets located in the occupied territories were completely written off to zero. All other tangible fixed assets were assessed individually and adjusted accordingly if damage occurred. This resulted in impairment losses of around € 5 million.

Due to changes in market prices, interest rates, rental prices and vacant properties, the impairment test for tangible fixed assets in Russia resulted in impairment losses of around € 1 million.

Impairment test for companies valued at equity

Based on the most recent impairment test of LEIPNIK-LUNDENBURGER INVEST Beteiligungs Aktiengesellschaft an impairment of € 41 million was recognized for the first three quarters 2022. For UNIQA Insurance Group AG, the impairment test would have resulted in a lower value in use (minus € 73 million). Due to the lower proportionate equity this was recognized as carrying amount of € 214 million. The negative effects on the carrying amounts were due to the deteriorated economic environment, the negative development of commodity prices and the negative impact of the war in Ukraine on business in the local markets.

Cash generating units	30/9/2022 LLI	OeKB	UNIQA	31/12/2021 LLI	OeKB	UNIQA
Average discount interest rate (after tax)	7.9% WACC	8.5% CoE	10.1% CoE	6.0% WACC	6.7% CoE	8.4% CoE
Planning period	5 years	3 years	5 years	5 years	3 years	5 years

LLI: LEIPNIK-LUNDENBURGER INVEST Beteiligungs Aktiengesellschaft, Vienna (AT)
OeKB: Oesterreichische Kontrollbank Aktiengesellschaft, Vienna (AT)
UNIQA: UNIQA Insurance Group AG, Vienna (AT)

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. Finally, changes in the valuation of LEIPNIK-LUNDENBURGER INVEST Beteiligungs Aktiengesellschaft and Oesterreichische Kontrollbank Aktiengesellschaft can lead to an adjustment in the carrying amount. In the event of a downward scenario (increase in the cost of capital), the further decline in value would lead to an impairment of the carrying amount. A reduction in the discount rate (e.g. by 20 or 50 basis points) would lead to an increase in value and result in a write-up of the carrying amount to the calculated value in use. Possible write-ups must be made to the increased recoverable amount, but up to a maximum of the amount that would have resulted without prior impairment. UNIQA Insurance Group AG is excluded from this scenario; as a further decline in value in use would not lead to an impairment of the carrying amount, as the value in use would still be higher than the proportionate equity.

For the effects on the models for calculating impairments in accordance with IFRS 9, please refer to notes (37) Forward-looking information.

Notes to the income statement

(1) Net interest income

in € million	1/1-30/9/2022	1/1/-30/9/2021[1]
Interest income according to effective interest method	**4,622**	**2,738**
Financial assets - fair value through other comprehensive income	65	71
Financial assets - amortized cost	4,557	2,667
Interest income other	**476**	**478**
Financial assets - held for trading	83	63
Non-trading financial assets - mandatorily fair value through profit/loss	22	16
Financial assets - designated fair value through profit/loss	4	5
Derivatives – hedge accounting, interest rate risk	141	253
Other assets	102	6
Interest income on financial liabilities	123	135
Interest expenses	**(1,506)**	**(863)**
Financial liabilities - amortized cost	(1,190)	(521)
Financial liabilities - held for trading	(9)	(24)
Financial liabilities - designated fair value through profit/loss	(29)	(32)
Derivatives – hedge accounting, interest rate risk	(214)	(223)
Other liabilities	(7)	(5)
Interest expenses on financial assets	(58)	(58)
Total	**3,591**	**2,352**

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	1/1-30/9/2022	1/1/-30/9/2021[1]
Net interest income	3,591	2,352
Average interest-bearing assets	192,052	161,837
Net interest margin	**2.49%**	**1.94%**

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 € 175 million (previous year's period: € 154 million) from marked-to-market financial assets and interest expenses of € 38 million (previous year's period: € 57 million) from marked-to-market financial liabilities.

Net interest income increased € 1,239 million to € 3,591 million, mainly due to rising interest rates in numerous Group countries and to strong loan growth. In the Czech Republic, in addition to the integration of Equa bank, higher interest income from repo, corporate customer and retail customer business resulted in a € 251 million increase in net interest income. The increases of € 110 million in Hungary, € 83 million in Ukraine, € 76 million in Romania and € 42 million at head office are likewise both interest-rate and volume-related. In Serbia, net interest income increased € 32 million, primarily due to the integration of Crédit Agricole Srbija AD. The € 32 million increase in Belarus is due to higher profitability of the loan portfolio. The largest increase of € 559 million was recorded in Russia due to the appreciation of the Russian ruble and higher interest income from repo business. Group average interest-bearing assets rose 19 per cent year-on-year, mainly due to the high lending growth. The net interest margin improved 56 basis points to 2.49 per cent, due to increases of 1.2 percentage points in Hungary and 1 percentage point in the Czech Republic, in addition to Eastern Europe.

(2) Dividend income

in € million	1/1-30/9/2022	1/1/-30/9/2021[1]
Financial assets - held for trading	1	0
Non-trading financial assets - mandatorily fair value through profit/loss	9	1
Financial assets - fair value through other comprehensive income	9	9
Investments in subsidiaries and associates	21	24
Total	**40**	**34**

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	1/1-30/9/2022	1/1-30/9/2021
Current income from investments in associates	55	34

(4) Net fee and commission income

in € million	1/1-30/9/2022	1/1/-30/9/2021[1]
Clearing, settlement and payment services	823	564
Loan and guarantee business	192	158
Securities	120	63
Asset management	203	186
Custody and fiduciary business	75	59
Customer resources distributed but not managed	51	48
Foreign exchange business	1,157	311
Other	61	34
Total	**2,682**	**1,424**

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 strong increase in net fee and commission income was attributable to increased activity from both corporate and retail customers in foreign exchange business, which rose € 846 million primarily from spot foreign exchange business in Russia. This development was due to both the geopolitical situation and the measures taken by the Russian central bank to restrict foreign exchange. Clearing, settlement and payment services also recorded growth of € 258 million due to increased transactions with corporate and retail customers and to higher margins. Securities business developed positively too, with the strongest increase in Russia at € 70 million. Supported by currency appreciations in Russia and Belarus, net fee and commission income consequently increased € 1,258 million to € 2,682 million. Russia and head office recorded the largest growth here. There were likewise increases on a currency-adjusted basis in Belarus, Hungary and the Czech Republic.

Net fee and commission income includes income and expenses of € 1,672 million (previous year's period: € 1,273 million) relating to financial assets and financial liabilities that are not measured at fair value through profit or loss.

in € million	1/1-30/9/2022	1/1/-30/9/2021[1]
Fee and commission income	**3,394**	**2,061**
Clearing, settlement and payment services	1,210	920
Clearing and settlement	411	226
Credit cards	117	106
Debit cards and other card payments	225	203
Other payment services	456	384
Loan and guarantee business	212	183
Securities	171	103
Asset management	317	295
Custody and fiduciary business	86	71
Customer resources distributed but not managed	79	74
Foreign exchange business	1,202	339
Other	117	77
Fee and commission expenses	**(712)**	**(638)**
Clearing, settlement and payment services	(387)	(355)
Clearing and settlement	(97)	(110)
Credit cards	(72)	(52)
Debit cards and other card payments	(89)	(78)
Other payment services	(130)	(116)
Loan and guarantee business	(20)	(25)
Securities	(51)	(40)
Asset management	(113)	(109)
Custody and fiduciary business	(12)	(12)
Customer resources distributed but not managed	(28)	(25)
Foreign exchange business	(44)	(28)
Other	(56)	(43)
Total	**2,682**	**1,424**

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.

(5) Net trading income and fair value result

in € million	1/1-30/9/2022	1/1/-30/9/2021[1]
Net gains/losses on financial assets and liabilities - held for trading	**575**	**(31)**
Derivatives	442	(41)
Equity instruments	(76)	52
Debt securities	(88)	(16)
Loans and advances	37	8
Short positions	5	6
Deposits	290	(30)
Debt securities issued	(3)	(1)
Other financial liabilities	(33)	(8)
Net gains/losses on non-trading financial assets - mandatorily fair value through profit or loss	**(39)**	**(9)**
Equity instruments	0	0
Debt securities	(8)	0
Loans and advances	(30)	(9)
Net gain/losses on financial assets and liabilities - designated fair value through profit/loss	**85**	**25**
Debt securities	(5)	0
Deposits	7	1
Debt securities issued	83	25
Exchange differences, net	**(150)**	**43**
Total	**471**	**29**

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 increased € 443 million to € 471 million. At head office, net income from open foreign currency positions hedged by foreign currency derivatives, including the foreign exchange result from market making, increased € 66 million to € 98 million, primarily due to US dollar and Hungarian forint positions. A loss of € 49 million resulted from the hedging of capital positions held by the subsidiary banks in local currencies, which corresponds to an increase in the loss of € 17 million compared to the previous year. The capital positions were hedged at head office by means of forward exchange transactions (net investment hedge), whereby the valuation portion from the forward points component was recognized in consolidated profit and that from the change in the closing rate of the respective foreign currency was recognized in other comprehensive income. In particular, the increased interest rate differential between the euro and the Hungarian forint, the Czech koruna and the Romanian leu led to negative valuation effects. In addition, head office recorded valuation gains as guarantor for the state-subsidized insurance product (premium-subsidized pension plan) in the amount of € 21 million. This guarantees the premiums paid by customers as well as the state premium. The increase of € 25 million compared to the previous year period was mainly due to higher interest rate level. This also led to an increase of € 27 million in the valuation result of the hedged interest rate positions. In the previous year period, this resulted in a loss of € 27 million.

There was also an increase in positive valuation effects from foreign currency positions compared with the prior-year period in Russia. The strong volatility of the Russian ruble in the first half of 2022 due to the sanctions introduced led to strong customer demand for foreign currency transactions. The resulting spot transactions in the form of deposits held for trading increased profit by € 321 million to € 291 million. Offsetting valuations or realized results on any currency derivatives held for hedging purposes in this connection are shown in the derivatives item. The increased valuation result from foreign currencies in Russia was partially offset by higher net valuation losses from hedged interest rate risks of € 63 million to € 83 million compared with the prior-year period, caused by the high volatility of interest rates set by the Russian central bank in the first half of 2022.

Due to the increase in own credit spreads, the certificate business generated higher valuation gains of € 81 million to € 61 million year-on-year from certificate issues measured at fair value. The valuation of investments in venture capital funds measured at fair value resulted in an increase in valuation gains of € 22 million to € 27 million.

(6) Net gains/losses from hedge accounting

in € million	1/1-30/9/2022	1/1/-30/9/2021[1]
Fair value changes of the hedging instruments	18	(20)
Fair value changes of the hedged items attributable to the hedged risk	(37)	8
Ineffectiveness of cash flow hedge recognized in profit or loss	(2)	8
Total	**(21)**	**(4)**

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	1/1-30/9/2022	1/1/-30/9/2021[1]
Gains/losses on derecognition of not modified financial assets and liabilities - not measured at fair value through profit/loss	**(30)**	**6**
Debt securities	(34)	3
Loans and advances	0	2
Deposits	0	0
Debt securities issued	4	0
Other financial liabilities	0	0
Gains/losses on derecognition of non-financial assets held for sale	**(23)**	**0**
Investment property	0	3
Intangible fixed assets	(27)	(8)
Other assets	4	5
Net income arising from non-banking activities	**9**	**10**
Sales revenues from non-banking activities	91	50
Expenses from non-banking activities	(83)	(40)
Net income from additional leasing services	**17**	**15**
Revenues from additional leasing services	32	29
Expenses from additional leasing services	(14)	(14)
Net income from insurance contracts	**9**	**(3)**
Net rental income from investment property incl. operating lease (real estate)	**38**	**35**
Net rental income from investment property	13	10
Income from rental real estate	12	12
Expenses from rental real estate	(3)	(2)
Income from other operating lease	21	19
Expenses from other operating lease	(5)	(4)
Net expense from allocation and release of other provisions	**11**	**(1)**
Other operating income/expenses	**(1)**	**21**
Total	**30**	**84**
Other operating income	284	218
Other operating expenses	(254)	(134)

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.

(8) General administrative expenses

in € million	1/1-30/9/2022	1/1/-30/9/2021[1]
Staff expenses	(1,432)	(1,154)
Other administrative expenses	(804)	(679)
Depreciation of tangible and intangible fixed assets	(338)	(289)
Total	**(2,574)**	**(2,122)**

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

in € million	1/1-30/9/2022	1/1/-30/9/2021[1]
Wages and salaries	(1,110)	(886)
Social security costs and staff-related taxes	(262)	(211)
Other voluntary social expenses	(37)	(30)
Expenses for defined contribution pension plans	(10)	(12)
Expenses/income from defined benefit pension plans	(8)	(1)
Expenses for post-employment benefits	(9)	(6)
Expenses for other long-term employee benefits excl. deferred bonus program	8	(3)
Staff expenses under deferred bonus programm	(4)	(5)
Termination benefits	(1)	0
Total	**(1,432)**	**(1,154)**

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 € 278 million to € 1,432 million, mainly due to increases in Russia, in the Czech Republic, at head office and in Serbia. In addition to the increase in the average number of employees, the increases resulted primarily from higher salaries and social security costs as well as provisions for one-time payments in Russia, from the integration of Equa bank in the Czech Republic and from the integration of Crédit Agricole Srbija AD in Serbia.

Other administrative expenses

in € million	1/1-30/9/2022	1/1/-30/9/2021[1]
Office space expenses	(75)	(64)
IT expenses	(265)	(227)
Legal, advisory and consulting expenses	(124)	(90)
Advertising, PR and promotional expenses	(75)	(76)
Communication expenses	(56)	(48)
Office supplies	(15)	(14)
Car expenses	(8)	(7)
Security expenses	(20)	(20)
Traveling expenses	(7)	(3)
Training expenses for staff	(9)	(7)
Other non-income related taxes	(56)	(47)
Sundry administrative expenses	(97)	(78)
Total	**(804)**	**(679)**
hereof expenses for short-term leases	(10)	(9)
hereof expenses for low-value assets	(4)	(4)

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 addition to higher IT expenses (up € 38 million), primarily in the Czech Republic, at head office and in Russia, the main drivers of the € 125 million increase in other administrative expenses were higher legal, advisory and consulting expenses (up € 34 million) mainly at head office, in Poland and in the Czech Republic. Further increases were recorded in other expense items, mainly in sundry administrative expenses (up € 19 million), in office space expenses (up € 11 million) and in non-income related taxes (up € 8 million).

Depreciation of tangible and intangible fixed assets

in € million	1/1-30/9/2022	1/1/-30/9/2021[1]
Tangible fixed assets	(175)	(165)
hereof right-of-use assets	(62)	(58)
Intangible fixed assets	(163)	(124)
Total	**(338)**	**(289)**

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 17 per cent, or € 49 million, to € 338 million, mainly due to the integration of Equa bank in the Czech Republic, currency driven in Russia and due to higher inventories of capitalized software at head office.

(9) Other result

in € million	1/1-30/9/2022	1/1/-30/9/2021[1]
Net modification gains/losses	**(3)**	**(6)**
Gains/losses from changes in present value of non-substantially modified contracts	(4)	(6)
Gains/losses from derecognition due to substantial modification of contract terms	1	0
Impairment or reversal of impairment on investments in subsidiaries and associates	**(39)**	**61**
Impairment on non-financial assets	**(5)**	**0**
Other	(5)	0
Result from non-current assets and disposal groups classified as held for sale and deconsolidation	**8**	**(2)**
Net income from non-current assets and disposal groups classified as held for sale	3	3
Result of deconsolidations	6	(5)
Tax expenses not attributable to the business activity	**0**	**0**
Credit-linked and portfolio-based provisions for litigation	**(187)**	**(172)**
Total	**(225)**	**(120)**

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 item impairment or reversal of impairment on investments in subsidiaries and associates amounting to minus € 39 million (previous year's period: plus € 61 million) comprises measurement of investments in companies valued at equity of minus € 16 million (previous year's period: plus € 73 million) and impairment on investments in subsidiaries of € 23 million (previous year's period: € 13 million). The impairment on investments in LEIPNIK-LUNDENBURGER INVEST Beteiligungs AG of € 51 million was based on the deteriorating economic conditions, in particular also due to the war in Ukraine, and the development of commodity prices and on the direct impact from the war in Ukraine for the business in the local markets. The business activities of UNIQA Insurance AG were also affected by the economic consequences of the war, which had a negative effect on the valuation of € 115 million. A negative effect of € 157 million in other comprehensive income in equity was offset by a reversal of impairment of € 42 million in the income statement.

Allocations to credit-linked and portfolio-based provisions for litigation of € 187 million (previous year's period: € 172 million) mainly resulted from pending and expected legal proceedings in Poland amounting to € 186 million (previous year's period: € 145 million) in connection with mortgage loans denominated in foreign currencies or linked to a foreign currency. The expense posted in Poland in the reporting period resulted from parameter adjustments in the model calculation.

The result from non-current assets and disposal groups classified as held for sale and deconsolidation mainly included the deconsolidation of a Czech real estate company. In total, eleven group units were deconsolidated, the result from the sale of the Bulgarian Group units is shown in the item gains/losses from discontinued operations.

(10) Governmental measures and compulsory contributions

in € million	1/1-30/9/2022	1/1/-30/9/2021[1]
Governmental measures	**(81)**	**(32)**
Bank levies	(81)	(32)
Compulsory contributions	**(204)**	**(149)**
Resolution fund	(89)	(75)
Deposit insurance fees	(107)	(74)
Other compulsory contributions	(8)	0
Total	**(285)**	**(181)**

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.

Governmental measures and compulsory contributions rose € 104 million to € 285 million. Bank levies increased € 49 million. This was mainly due to the introduction of a special bank levy in Hungary, which was booked in the amount of € 47 million in the first half of 2022 for the full year. Contributions to resolution fund increased € 14 million, mostly at head office and in the Czech Republic. The € 33 million increase in deposit insurance fees mainly related to Russia, Romania, Hungary, Croatia and the Czech Republic. The increases in the Czech Republic resulted from the integration of Equa bank. Other compulsory contributions include € 7 million from contributions to the newly created state borrowers' support fund in Poland.

(11) Impairment losses on financial assets

in € million	1/1-30/9/2022	1/1/-30/9/2021[1]
Loans and advances	(511)	(148)
Debt securities	(155)	2
Loan commitments, financial guarantees and other commitments given	(56)	2
Total	**(721)**	**(145)**
hereof financial assets - fair value through other comprehensive income	(5)	0
hereof financial assets - amortized cost	(661)	(147)

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 increase in risk costs came primarily from the Eastern Europe segment. The main reasons for this were the poorer macroeconomic data caused by the war in Ukraine, rating downgrades of customers, of countries and governments, and in Russia additionally the economic consequences of several EU and US sanction packages. In the reporting period, a total of € 569 million (previous year's period: € 64 million) was allocated to Eastern Europe, thereof € 299 million for Russia and € 247 million for Ukraine. In the reporting period, impairments were also recognized for rating downgrades of companies with declining revenues and higher cost burdens due to the tight energy supply.

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

(12) Income taxes

in € million	1/1-30/9/2022	1/1/-30/9/2021[1]
Current income taxes	(698)	(306)
Austria	(13)	(34)
Foreign	(685)	(273)
Deferred taxes	109	15
Total	**(589)**	**(291)**
Tax rate	19.4%	21.0%

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.

Income taxes developed in line with profit before tax, which doubled compared to the previous-year period. The tax rate decreased to 19 per cent (previous year's period: 21 per cent) due to loss carryforwards at head office and a higher proportion of pre-tax earnings from low-tax countries.

Notes to the statement of financial position

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

in € million	30/9/2022	31/12/2021
Cash in hand	5,054	6,095
Balances at central banks	34,431	25,746
Other demand deposits at banks	16,503	6,716
Total	**55,988**	**38,557**

The increase in other demand deposits at banks and cash deposits was mainly due to higher short-term transactions in Russia and at head office. As at the reporting date, the minimum reserve that is not freely available and reported under the item balances at central banks amounted to € 169 million (previous year: € 266 million).

There are also cash and cash equivalents of € 753 million in Ukraine, Russia and Belarus, which are currently subject to legal restrictions and are therefore not available for general use by head office.

(14) Financial assets – amortized cost

	30/9/2022			31/12/2021		
in € million	Gross carrying amount	Accumulated impairment	Carrying amount	Gross carrying amount	Accumulated impairment	Carrying amount
Debt securities	**18,600**	**(181)**	**18,419**	**15,625**	**(8)**	**15,617**
Central banks	4	0	4	4	0	4
General governments	14,413	(74)	14,340	12,097	(3)	12,094
Banks	2,494	(1)	2,494	2,199	0	2,199
Other financial corporations	987	(87)	900	631	(5)	626
Non-financial corporations	701	(20)	682	695	(1)	695
Loans and advances	**129,427**	**(3,093)**	**126,334**	**119,587**	**(2,559)**	**117,028**
Central banks	9,793	(1)	9,793	12,005	0	12,005
General governments	2,305	(2)	2,304	1,385	(1)	1,384
Banks	7,917	(12)	7,904	4,627	(4)	4,623
Other financial corporations	12,102	(139)	11,963	11,271	(92)	11,180
Non-financial corporations	54,293	(1,609)	52,684	51,451	(1,357)	50,094
Households	43,017[1]	(1,330)	41,687	38,847	(1,105)	37,742
Total	**148,028**	**(3,274)**	**144,754**	**135,212**	**(2,567)**	**132,645**

1 Out of this amount, € 418 million relates to credit-linked and portfolio-based provisions for litigation in connection with foreign currency (CHF) mortgage loans in Poland. Further information can be found in the notes, chapter principles underlying the consolidated financial statements under changes in accounting policy.

The carrying amount of the item financial assets – amortized cost increased € 12,109 million compared to year-end 2021.

The increase of € 9,306 million in lending business was mainly due to loans to households (plus € 3,945 million). Due to currency effects, the largest increase was recorded in Russia (plus € 1,389 million), with a decline in local currency. The increase in Serbia of € 739 million resulted mainly from the acquisition of Crédit Agricole Srbija AD (€ 689 million). Growth in loans to households was recorded in local currency in all markets, except Eastern Europe. Loans to non-financial corporations increased € 2,590 million, especially in Romania (plus € 1,268 million) and the Czech Republic (plus € 720 million), while growth in Serbia of € 580 million was both organic and due to the acquisition of Crédit Agricole Srbija AD. In the short-term business (plus € 2,772 million, mainly from repo transactions), a decline of € 1,183 million in the Czech Republic was offset by an increase of € 4,511 million in Russia, driven by investments of customer deposits.

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

in € million	30/9/2022 Gross carrying amount	Accumulated impairment	Carrying amount	31/12/2021 Gross carrying amount	Accumulated impairment	Carrying amount
Equity instruments	**164**	**-**	**164**	**151**	**-**	**151**
Banks	0	-	0	3	-	3
Other financial corporations	98	-	98	81	-	81
Non-financial corporations	66	-	66	66	-	66
Debt securities	**3,235**	**(1)**	**3,234**	**4,511**	**(2)**	**4,509**
General governments	2,322	0	2,321	3,401	(1)	3,400
Banks	783	0	782	870	0	870
Other financial corporations	0	0	0	80	0	80
Non-financial corporations	131	(1)	130	160	0	159
Total	**3,399**	**(1)**	**3,398**	**4,662**	**(2)**	**4,660**

As at 1 April 2022, Ukrainian state bonds with a fair value of € 213 million were reclassified from measurement category financial assets – fair value through other comprehensive income to measurement category financial assets – amortized cost and revalued at amortized cost of € 210 million. The effective interest rate of the reclassified portfolio at the time of reclassification was 13.5 per cent and an interest income of € 7 million was recognized. As at 30 September 2022, the fair value of the affected portfolio was € 140 million, without reclassification a valuation loss of € 3 million would have occurred. Further details can be found in the corresponding chapter consequences and analysis of the armed conflicts between Russia and Ukraine on the interim report as at 30 September 2022.

The carrying amount further decreased due to sale and redemptions of debt securities mainly in Russia, Slovakia and Croatia.

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

in € million	30/9/2022	31/12/2021
Equity instruments	**1**	**1**
Other financial corporations	1	1
Non-financial corporations	0	0
Debt securities	**304**	**543**
General governments	74	324
Banks	22	12
Other financial corporations	198	195
Non-financial corporations	11	12
Loans and advances	**430**	**422**
General governments	1	1
Banks	2	2
Other financial corporations	30	33
Non-financial corporations	74	50
Households	324	337
Total	**735**	**966**

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

in € million	30/9/2022	31/12/2021
Debt securities	**91**	**264**
General governments	43	108
Banks	26	31
Non-financial corporations	22	124
Total	**91**	**264**

(18) Financial assets – held for trading

in € million	30/9/2022	31/12/2021
Derivatives	**7,754**	**2,132**
Interest rate contracts	5,599	1,267
Equity contracts	154	184
Foreign exchange rate and gold contracts	1,966	652
Credit contracts	15	21
Commodities	2	2
Other	18	6
Equity instruments	**254**	**369**
Banks	38	31
Other financial corporations	86	99
Non-financial corporations	130	240
Debt securities	**1,579**	**1,598**
Central banks	0	95
General governments	1,213	1,069
Banks	186	223
Other financial corporations	92	107
Non-financial corporations	87	104
Loans and advances	**0**	**12**
Non-financial corporations	0	12
Total	**9,586**	**4,112**

The increase of € 5,474 million to € 9,586 million was mainly due to valuation effects and exchange rate fluctuations in derivatives as well as higher hedging volumes, particularly for interest rate and foreign exchange derivatives at head office.

(19) Hedge accounting

in € million	30/9/2022	31/12/2021
Positive fair values of derivatives in micro fair value hedge	**180**	**215**
Interest rate contracts	180	215
Positive fair values of derivatives in micro cash flow hedge	**1**	**0**
Interest rate contracts	1	0
Positive fair values of derivatives in net investment hedge	**16**	**2**
Positive fair values of derivatives in portfolio hedge	**978**	**413**
Cash flow hedge	89	25
Fair value hedge	889	387
Fair value adjustments of the hedged items in portfolio hedge of interest rate risk	**(944)**	**(279)**
Total	**232**	**352**

Positive fair values of hedging instruments in portfolio fair value hedges increased € 566 million. Both in the eurozone and in the Czech Republic and Hungary, interest rates rose significantly in some cases in current year. As a result, the fair values of the derivatives in portfolio hedge relationships at Raiffeisen Bausparkasse Österreich Gesellschaft m.b.H. increased € 381 million, in the Czech Republic € 132 million and in Hungary € 122 million (both for portfolio fair value and cash flow hedges). In Russia, there was a decrease of € 76 million. This was mainly due to terminations of hedge accounting relationships in March 2022.

The carrying amount of the item fair value adjustments of the hedged items in portfolio hedge of interest rate risk decreased € 665 million compared to year-end to minus € 944 million due to negative fair value adjustments. This development was driven by the above mentioned countries primarily due to the termination of portfolio hedge relationships in Russia (minus € 190 million) as well as valuation losses on loans in portfolio hedges at Raiffeisen Bausparkasse Gesellschaft m.b.H (minus € 459 million) relating to fixed-interest loans due to higher interest rates.

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.

(20) Investments in subsidiaries and associates

in € million	30/9/2022	31/12/2021
Investments in affiliated companies	212	251
Investments in associates valued at equity	560	716
Total	**772**	**968**

(21) Tangible and intangible fixed assets

in € million	30/9/2022	31/12/2021
Tangible fixed assets	**1,678**	**1,640**
Land and buildings used by the group for own purpose	536	507
Office furniture, equipment and other tangible fixed assets	337	331
Investment property	320	307
Other leased assets (operating lease)	93	89
Right-of-use assets	393	406
Intangible fixed assets	**921**	**933**
Software	721	741
Goodwill	114	101
Brand	2	2
Customer relationships	14	19
Core deposits intangibles	61	60
Other intangible fixed assets	9	10
Total	**2,599**	**2,572**

(22) Tax assets

in € million	30/9/2022	31/12/2021[1]
Current tax assets	90	73
Deferred tax assets	327	152
Tax claims from temporary differences	314	139
Loss carryforwards	13	13
Total	**417**	**225**

1 Previous-year figures adapted due to changed allocation

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

in € million	30/9/2022	31/12/2021
Non-current assets from discontinued operations	0	5,491
Non-current assets and disposal groups classified as held for sale	16	39
Total	**16**	**5,531**

At year-end 2021, the item non-current assets from discontinued operations included the disposal group of Raiffeisenbank (Bulgaria) EAD (€ 5,239 million) and Raiffeisen Leasing Bulgaria EOOD (€ 252 million), which were deconsolidated in June 2022. The item non-current assets and disposal groups classified as held for sale mainly includes a property in Slovakia. A fair value measurement is only carried out if the carrying amount is impaired to fair value less costs to sell.

in € million	30/9/2022	31/12/2021
Liabilities included from discontinued operations	0	4,829
Total	**0**	**4,829**

(24) Other assets

in € million	30/9/2022	31/12/2021
Prepayments and other deferrals	420	515
Merchandise inventory and suspense accounts for services rendered not yet charged out	128	227
Other assets	697	506
Total	**1,245**	**1,248**

(25) Financial liabilities – amortized cost

in € million	30/9/2022	31/12/2021
Deposits from banks	**40,740**	**34,560**
Current accounts/overnight deposits	16,258	13,772
Deposits with agreed maturity	18,631	19,147
Repurchase agreements	5,851	1,641
Deposits from customers	**129,698**	**114,988**
Current accounts/overnight deposits	99,196	87,614
Deposits with agreed maturity	29,945	27,327
Repurchase agreements	556	48
Debt securities issued	**13,246**	**11,299**
Covered bonds	2,455	1,222
Hybrid contracts	116	0
Other debt securities issued	10,674	10,078
hereof convertible compound financial instruments	1,134	1,231
hereof non-convertible	9,539	8,846
Other financial liabilities	**1,106**	**853**
Total	**184,789**	**161,700**
hereof subordinated financial liabilities	2,883	2,934
hereof lease liabilities	412	415

The overall change in deposits from banks was mainly attributable to head office. Compared to year-end, deposits with an agreed maturity decreased € 623 million, while current accounts/overnight deposits increased € 2,388 million. Repurchase agreements (repos) with other banks developed particularly strongly with an increase of € 4,210 million.

The significant increase in deposits from customers came largely from Russia. In the current accounts/overnight deposits, the business volume increased € 3,734 million on the one hand, and on the other hand, exchange rate effects of € 7,198 million reinforced this development, which resulted in a total increase of € 10,932 million. In detail, deposits from non-financial corporations in Russia rose particularly sharply. The total change in this area amounted to € 8,770 million, with the volume increasing by € 5,066 million and the exchange rate effect additionally boosting the overall development by € 3,704 million. A contrasting picture emerged in Russia in terms of deposits from households. There were reductions in volume (minus € 1,792 million), which, however, were more than compensated by the strong exchange rate effect (plus € 3,183 million), and led to an overall increase of € 1, 391 million. In terms of liabilities with agreed maturities, the Czech Republic was the main driver of development with an increase of € 2,003 million.

Deposits from banks and customers by asset classes:

in € million	30/9/2022	31/12/2021
Central banks	9,513	9,534
General governments	2,967	2,785
Banks	31,226	25,025
Other financial corporations	13,122	11,000
Non-financial corporations	53,501	44,513
Households	60,108	56,690
Total	**170,438**	**149,548**

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

in € million	30/9/2022	31/12/2021
Deposits from banks	**30**	**48**
Deposits with agreed maturity	30	48
Deposits from customers	**88**	**165**
Deposits with agreed maturity	88	165
Debt securities issued	**914**	**1,110**
Hybrid contracts	1	1
Other debt securities issued	913	1,109
hereof non-convertible	913	1,109
Total	**1,032**	**1,323**
hereof subordinated financial liabilities	224	232

(27) Financial liabilities – held for trading

in € million	30/9/2022	31/12/2021
Derivatives	**6,619**	**1,894**
Interest rate contracts	4,761	1,115
Equity contracts	263	138
Foreign exchange rate and gold contracts	1,568	569
Credit contracts	10	27
Commodities	1	1
Other	15	45
Short positions	**154**	**250**
Equity instruments	6	6
Debt securities	149	243
Debt securities issued	**3,308**	**3,729**
Hybrid contracts	3,308	3,729
Other financial liabilities	**1**	**0**
Total	**10,083**	**5,873**

The increase of € 4,210 million to € 10,083 million was mainly due to valuation effects and exchange rate fluctuations in derivatives as well as higher hedging volumes, particularly for interest rate and foreign exchange derivatives at head office.

(28) Hedge accounting

in € million	30/9/2022	31/12/2021
Negative fair values of derivatives in micro fair value hedge	**782**	**69**
Interest rate contracts	782	69
Negative fair values of derivatives in micro cash flow hedge	**1**	**0**
Interest rate contracts	1	0
Negative fair values of derivatives in net investment hedge	**39**	**29**
Negative fair values of derivatives in portfolio hedge	**1,630**	**730**
Cash flow hedge	94	43
Fair value hedge	1,536	686
Fair value adjustments of the hedged items in portfolio hedge of interest rate risk	**(1,146)**	**(536)**
Total	**1,306**	**292**

Negative fair values of derivative financial instruments in micro fair value hedge relationships increased € 713 million to € 782 million. The increase was largely based on head office (plus € 626 million) and in Slovakia (plus € 69 million) and resulted from a volume-related increase in hedged interest rate positions and a significant increase in interest rates.

Partly significant interest rate hikes as well as exchange rate effects are the reason for the increase in negative fair values of derivative financial instruments from portfolio hedges of € 901 million, to € 1,630 million, thereof in the Czech Republic (plus € 350 million), Hungary (plus € 364 million), Slovakia (plus € 110 million) and Russia (plus € 92 million).

There were countervailing effects in the above mentioned countries in the item fair value adjustments of the hedged items in portfolio hedge of interest rate risk which decreased € 610 million to minus € 1,146 million. This was mainly due to the fair value development of the hedged liabilities in portfolio hedges in the Czech Republic (minus € 272 million) and Hungary (minus € 276 million) due to increased interest rates and changes in exchange rate, especially for hedged customer deposits in local currencies.

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	30/9/2022	31/12/2021[1]
Provisions for off-balance sheet items	**260**	**188**
Other commitments and guarantees according to IFRS 9	252	185
Other commitments and guarantees according to IAS 37	8	3
Provisions for staff	**413**	**426**
Pensions and other post employment defined benefit obligations	170	195
Other long-term employee benefits	48	57
Bonus payments	193	171
Termination benefits	3	3
Other provisions	**492**	**776**
Pending legal issues and tax litigation	289	551
Restructuring	11	17
Onerous contracts	59	59
Other provisions	134	149
Total	**1,165**	**1,390**

1 Previous-year figures adapted due to changed allocation

Provisions for liabilities and charges decreased € 225 million to € 1,165 million. This decrease was largely due to the change in accounting policy regarding recognition of the impact of litigation in connection with foreign currency (CHF) mortgage loans. Since mid-2022, existing loans have been recognized in accordance with IFRS 9 B5.4.6 as a deduction from the gross carrying amount of the loan agreements and prepaid loans continue to be recognized in accordance with IAS 37. Further details can be found in the chapter principles underlying the consolidated financial statements. This change led to a decrease in provisions of € 418 million in Poland. In Croatia, on the other hand, there was a slight increase of € 1 million to € 57 million in connection with Swiss franc loans. Provisions at Raiffeisen Bank S.A. due to pending proceedings with the consumer protection authority in Romania decreased € 9 million to € 19 million compared to year-end 2021. Regarding the procedure following an audit of Aedificium Banca pentru Locuinte S.A. by the Romanian Court of Auditors, a decision was taken which led to a payment of € 23 million.

Furthermore, the decrease was influenced by the reclassification of accrued but unused vacation entitlements in the amount of € 64 million. In accordance with IAS 37.11, this item represents accrued amounts owed to employees, whose determination of which is partly based on estimates regarding the amount or timing of occurrence, but whose uncertainty is significantly lower than for provisions. Accordingly, these accrued liabilities from vacation entitlements have been reclassified to other liabilities.

(30) Tax liabilities

in € million	30/9/2022	31/12/2021
Current tax liabilities	152	87
Deferred tax liabilities	43	46
Temporary tax obligation	43	46
Total	**195**	**132**

(31) Other liabilities

in € million	30/9/2022	31/12/2021[1]
Liabilities for overdue vacations	77	64
Liabilities from insurance activities	262	208
Deferred income and accrued expenses	631	509
Sundry liabilities	910	304
Total	**1,879**	**1,085**

1 Previous-year figures adapted due to changed allocation

The increase in other liabilities stemmed mainly from transactions in the context of payment transactions that had not yet been settled as at the reporting date, especially at head office and in Russia as well as in Hungary due to a special bank levy of € 47 million which was booked for the full year in the first half 2022. Furthermore, the decrease was influenced by the reclassification of accrued but unused vacation entitlements in the amount of € 64 million. Further details can be found in the item (29) provisions for liabilities and charges.

(32) Equity

in € million	30/9/2022	31/12/2021
Consolidated equity	16,696	12,843
Subscribed capital	1,002	1,002
Capital reserves	4,992	4,992
Retained earnings	12,895	10,121
hereof consolidated profit/loss	2,801	1,372
Cumulative other comprehensive income	(2,193)	(3,272)
Non-controlling interests	1,077	1,010
Additional tier 1	1,611	1,622
Total	**19,385**	**15,475**

As at 30 September 2022, the subscribed capital of RBI AG as defined by the articles of incorporation amounted to € 1,003 million 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 million.

Notes to financial instruments

(33) Fair value of financial instruments

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 in € million	30/9/2022 Level I	 Level II	 Level III	31/12/2021 Level I	 Level II	 Level III
Financial assets - held for trading	**1,395**	**8,123**	**68**	**1,574**	**2,526**	**13**
Derivatives	8	7,746	0	18	2,114	0
Equity instruments	189	65	0	369	0	0
Debt securities	1,199	312	68	1,186	412	0
Loans and advances	0	0	0	0	0	12
Non-trading financial assets - mandatorily fair value through profit/loss	**155**	**91**	**488**	**367**	**149**	**450**
Equity instruments	1	0	0	1	0	0
Debt securities	155	91	58	366	148	29
Loans and advances	0	0	430	0	0	422
Financial assets - designated fair value through profit/loss	**55**	**36**	**0**	**230**	**33**	**0**
Debt securities	55	36	0	230	33	0
Financial assets - fair value through other comprehensive income	**2,781**	**399**	**218**	**3,694**	**765**	**201**
Equity instruments	16	3	145	11	0	140
Debt securities	2,764	396	73	3,683	765	61
Hedge accounting	**0**	**1,176**	**0**	**0**	**630**	**0**

Equity and liabilities in € million	30/9/2022 Level I	 Level II	 Level III	31/12/2021 Level I	 Level II	 Level III
Financial liabilities - held for trading	**126**	**9,957**	**0**	**243**	**5,630**	**0**
Derivatives	6	6,614	0	11	1,884	0
Short positions	119	35	0	232	17	0
Debt securities issued	0	3,308	0	0	3,729	0
Financial liabilities - designated fair value through profit/loss	**0**	**1,032**	**0**	**0**	**1,323**	**0**
Deposits	0	118	0	0	213	0
Debt securities issued	0	914	0	0	1,110	0
Hedge accounting	**0**	**2,452**	**0**	**0**	**828**	**0**

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

As at 30 September 2022, only derived prices were available for financial instruments amounting to € 94 million. For example, the BVAL value (Bloomberg Evaluation) was used instead 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 of € 31 million for which market values were available at the reporting date.

Movements in Level III of financial instruments at fair value

The total portfolio of Level III assets saw a net increase of € 110 million in the reporting period. Essentially, the volume of government bonds in the measurement categories financial assets - held for trading and financial assets - fair value through other comprehensive income increased € 72 million net. The reason for this increase was on the one hand, the disappearance of the active market in Ukraine due to the ongoing war and on the other hand, there were additions in Romania and Austria. Additionally, financial instruments mandatorily recognized at fair value saw a net increase of € 38 million. Around € 16 million was based on exchange rate fluctuations.

Assets in € million	As at 1/1/2022	Change in consolidated group	Exchange differences	Additions	Disposals
Financial assets - held for trading	13	0	15	19	(35)
Non-trading financial assets - mandatorily fair value through profit/loss	450	0	15	107	(82)
Financial assets - designated fair value through profit/loss	0	0	0	0	(0)
Financial assets - fair value through other comprehensive income	201	0	1	39	(14)
Total	**664**	**0**	**31**	**165**	**(131)**

Assets in € million	Gains/loss in P/L	hereof unrealized gain/loss in income statement	Gain/loss in other comprehensive income	Transfer to Level III	Transfer from Level III	As at 30/9/2022
Financial assets - held for trading	(8)	(1)	0	150	(86)	68
Non-trading financial assets - mandatorily fair value through profit/loss	(2)	(22)	0	0	0	488
Financial assets - designated fair value through profit/loss	0	0	0	0	0	0
Financial assets - fair value through other comprehensive income	0	0	(9)	0	0	218
Total	**(10)**	**(23)**	**(9)**	**150**	**(86)**	**774**

Equity and liabilities in € million[1]	As at 1/1/2022	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[1]	Gains/loss in P/L	hereof unrealized gain/loss in income statement	Gain/loss in other comprehensive income	Transfer to Level III	Transfer from Level III	As at 30/9/2022
Financial liabilities - held for trading	(0)	(0)	0	0	(0)	0
Total	**0**	**0**	**0**	**0**	**0**	**0**

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

Qualitative information on the valuation of financial instruments in Level III

Assets 30/9/2022	Fair value in € million[1]	Valuation technique	Significant unobservable inputs	Range of unobservable inputs
Financial assets - held for trading	**68**			
Subordinated capital	0	Price (expert opinion)	Price	-
Treasury bills, fixed coupon bonds	68	DCF method	Interest rate curve	-
Forward foreign exchange contracts	0	DCF method	Interest rate curve	10 - 50%
Non-trading financial assets - mandatorily fair value through profit/loss	**488**			
Other interests	0	Simplified net present value method Expert opinion	–	–
Bonds, notes and other non fixed-interest securities	58	Net asset value Expert opinion Financing auction/transaction costs	Haircuts (Auction-) Price	20 - 50% -
Loans	430	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)	1.60 - 3.43% over all currencies -1.69 -4.88% over all currencies 0,192- 17,344% (depending on the rating: from A 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	**218**			
Other interests	41	Dividend discount model Simplified income approach DCF method	Credit spread Cash flow Discount rate Dividends Beta factor	–
Other interests	51	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	–
Treasury bills, municipal bonds	73	DCF method	Interest rate curve	–
Total	**774**			

Equity and liabilities 30/9/2022	Fair value in € million[1]	Valuation technique	Significant unobservable inputs	Range of unobservable inputs
Financial liabilities - held for trading	**0**			
Forward foreign exchange contracts	0	DCF method	Interest rate curve	10 - 50%
Total	**0**			

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

Fair value of financial instruments not reported at fair value

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 corresponds to the carrying amount of the product. For the other transactions, the method as described in the section fair value of financial instruments reported at fair value is applied.

30/9/2022 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**	**55,988**	**0**	**55,988**	**55,988**	**0**
Financial assets - amortized cost	**14,838**	**1,304**	**122,883**	**139,024**	**144,754**	**(5,729)**
Debt securities	14,838	1,304	1,358	17,500	18,419	(920)
Loans and advances	0	0	121,525	121,525	126,334	(4,810)
Equity and liabilities						
Financial liabilities - amortized cost	**314**	**11,894**	**171,084**	**183,292**	**184,377**	**(1,085)**
Deposits from banks and customers[1]	0	0	169,246	169,246	170,026	(780)
Debt securities issued	314	11,894	732	12,940	13,246	(306)
Other financial liabilities	0	0	1,106	1,106	1,106	0

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

31/12/2021 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

(34) Loan commitments, financial guarantees and other commitments

in € million	30/9/2022	31/12/2021
Loan commitments given	36,986	42,601
Financial guarantees given	9,773	8,900
Other commitments given	4,856	4,548
Total	**51,615**	**56,050**
Provisions for off-balance sheet items according to IFRS 9	(252)	(185)

The nominal amount of loan commitments given decreased in Russia by € 4,837 million. Furthermore, a reduction of € 1,064 million was due to the sale of the Bulgarian Group units.

The increase in provisions for off-balance sheet risks according to IFRS 9 was mainly attributable to Russia amounting to € 32 million. This amount included exchange rate effects of € 22 million. The volume-related increase of € 11 million was largely due to allocations to provisions for non-financial corporations, where a deterioration in creditworthiness triggered a transfer to Stage 2 and thus higher loan loss provisions. In addition to the provisions for off-balance sheet risks according to IFRS 9 presented, provisions of € 8 million were recognized for other commitments given made in accordance with IAS 37 (previous year: € 2 million).

(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 financial assets – amortized cost by rating categories and stages:

30/9/2022 in € million	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	POCI Lifetime ECL	Total
Excellent	16,992	416	0	0	17,408
Strong	40,006	3,381	0	2	43,390
Good	37,288	5,654	0	8	42,949
Satisfactory	19,814	5,698	0	13	25,525
Substandard	4,786	6,345	0	22	11,153
Credit impaired	0	0	2,792	311	3,103
Not rated	3,814	589	68	29	4,501
Gross carrying amount	**122,700**	**22,083**	**2,860**	**385**	**148,028**
Accumulated impairment	(313)	(1,073)	(1,778)	(110)	(3,274)
Carrying amount	**122,387**	**21,010**	**1,082**	**275**	**144,754**

31/12/2021 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**

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

30/9/2022 in € million	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	POCI Lifetime ECL	Total
Excellent	801	0	0	0	801
Strong	1,744	0	0	0	1,744
Good	604	7	0	0	611
Satisfactory	4	24	0	0	28
Substandard	3	3	0	0	6
Credit impaired	0	0	0	0	0
Not rated	21	25	0	0	46
Gross carrying amount[1]	**3,176**	**59**	**0**	**0**	**3,235**
Accumulated impairment	(1)	(1)	0	0	(1)
Carrying amount	**3,176**	**58**	**0**	**0**	**3,234**

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

31/12/2021 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).

The category not rated includes financial assets for some 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:

30/9/2022 in € million	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Excellent	1,915	45	0	1,960
Strong	15,786	2,264	0	18,050
Good	20,512	3,226	0	23,738
Satisfactory	4,361	1,746	0	6,107
Substandard	257	545	0	802
Credit impaired	0	0	213	213
Not rated	559	185	1	745
Nominal amount	**43,390**	**8,011**	**214**	**51,615**
Provisions for off-balance sheet items according to IFRS 9	(69)	(126)	(57)	(252)
Nominal amount after provisions	**43,321**	**7,885**	**157**	**51,364**

31/12/2021 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**

The category not rated includes off-balance sheet commitments for some 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:

30/9/2022		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	148,028	129,427
Financial assets - fair value through other comprehensive income[1]	0	3,235	0
Non-trading financial assets - mandatorily fair value through profit/loss	734	0	430
Financial assets - designated fair value through profit/loss	91	0	0
Financial assets - held for trading	9,333	0	0
On-balance	**10,158**	**151,263**	**129,857**
Loan commitments, financial guarantees and other commitments	0	51,615	51,615
Total	**10,158**	**202,878**	**181,472**

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

31/12/2021		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).

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 are residential and commercial real estate collateral, financial collateral, guarantees and movable goods. Long-term financing is generally secured, and revolving credit facilities are typically unsecured. Debt securities are predominantly 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:

30/9/2022 in € million	Maximum exposure to credit risk	Fair value of collateral	Credit risk exposure net of collateral
Central banks	9,793	6,442	3,352
General governments	2,306	1,043	1,263
Banks	7,918	5,788	2,130
Other financial corporations	12,132	4,160	7,973
Non-financial corporations	54,367	24,484	29,883
Households	43,341	27,866	15,475
Loan commitments, financial guarantees and other commitments	51,615	14,828	36,787
Total	**181,472**	**84,609**	**96,863**

31/12/2021 in € million	Maximum exposure to credit risk	Fair value of collateral[1]	Credit risk exposure net of collateral
Central banks	12,005	7,198	11,688
General governments	1,386	740	646
Banks	4,629	1,658	2,971
Other financial corporations	11,304	5,093	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**	**72,480**	**110,516**

1 Adaption of previous year figures

More than half of the collateral that can be considered by RBI relates to collateralization of loans by real estate, of which more than 70 per cent is residential real estate. Additional collateral mainly comes from guarantees received which include reverse repo and securities lending business, among other things.

(37) Forward-looking information

The most important macroeconomic assumptions for the key countries used in estimating expected credit losses at quarter-end are presented below (source: Raiffeisen Research, August 2022).

		Real GDP			Unemployment		
		2022	2023	2024	2022	2023	2024
Croatia	Upside Scenario	4.5%	4.9%	4.6%	6.1%	4.1%	4.7%
	Base	3.9%	3.0%	3.5%	6.9%	6.5%	6.1%
	Downside Scenario	2.8%	(0.2)%	1.7%	7.7%	8.9%	7.4%
Ukraine	Upside Scenario	(32.1)%	11.7%	9.0%	17.8%	11.3%	9.6%
	Base	(33.0)%	9.0%	7.5%	18.0%	12.0%	10.0%
	Downside Scenario	(34.4)%	4.7%	5.1%	18.6%	13.9%	11.0%
Belarus	Upside Scenario	(3.3)%	2.0%	2.1%	5.3%	3.5%	3.7%
	Base	(4.0)%	0.0%	1.0%	5.5%	4.0%	4.0%
	Downside Scenario	(5.0)%	(2.9)%	(0.6)%	5.7%	4.5%	4.3%
Austria	Upside Scenario	4.4%	2.6%	2.2%	4.2%	3.8%	4.2%
	Base	4.0%	1.5%	1.6%	4.4%	4.3%	4.5%
	Downside Scenario	3.3%	(0.5)%	0.5%	4.6%	4.8%	4.8%
Poland	Upside Scenario	4.9%	1.9%	3.6%	4.7%	3.1%	4.6%
	Base	4.6%	1.0%	3.1%	5.4%	5.1%	5.7%
	Downside Scenario	4.0%	(0.7)%	2.2%	6.4%	8.1%	7.4%
Russia	Upside Scenario	(4.0)%	(0.4)%	1.9%	4.7%	6.5%	5.4%
	Base	(8.0)%	(2.3)%	0.9%	5.0%	7.5%	6.0%
	Downside Scenario	(10.0)%	(5.1)%	(0.7)%	6.0%	10.5%	7.7%
Romania	Upside Scenario	5.1%	4.8%	5.3%	5.1%	4.3%	4.3%
	Base	4.5%	3.0%	4.3%	5.4%	5.2%	4.7%
	Downside Scenario	3.8%	1.0%	3.2%	6.2%	7.6%	6.1%
Slovakia	Upside Scenario	2.6%	3.7%	3.4%	5.2%	4.0%	4.1%
	Base	2.0%	2.0%	2.5%	6.1%	5.7%	5.4%
	Downside Scenario	1.0%	(1.0)%	0.9%	7.1%	8.5%	7.0%
Czech Republic	Upside Scenario	3.0%	2.3%	4.1%	3.0%	2.6%	2.6%
	Base	2.5%	0.9%	3.3%	3.3%	3.7%	3.2%
	Downside Scenario	1.6%	(1.7)%	1.9%	3.7%	4.7%	3.8%
Hungary	Upside Scenario	3.0%	3.5%	4.3%	3.2%	3.0%	3.3%
	Base	2.5%	2.0%	3.5%	3.7%	4.5%	4.2%
	Downside Scenario	1.6%	(0.7)%	2.0%	4.2%	6.0%	5.0%

		Long-term bond rate			Real estate prices		
		2022	2023	2024	2022	2023	2024
Croatia	Upside Scenario	2.7%	2.4%	3.0%	7.8%	7.8%	5.9%
	Base	3.0%	3.4%	3.6%	6.0%	2.5%	3.0%
	Downside Scenario	4.0%	6.5%	5.3%	4.3%	(2.6)%	0.2%
Ukraine	Upside Scenario	-	-	-	1.9%	5.8%	3.2%
	Base	-	-	-	0.0%	0.0%	0.0%
	Downside Scenario	-	-	-	(2.9)%	(8.8)%	(4.9)%
Belarus	Upside Scenario	-	-	-	3.9%	8.7%	5.2%
	Base	-	-	-	2.0%	3.0%	2.0%
	Downside Scenario	-	-	-	(0.9)%	(5.6)%	(2.8)%
Austria	Upside Scenario	0.5%	1.2%	1.6%	11.8%	4.4%	3.4%
	Base	0.8%	2.1%	2.1%	11.0%	2.0%	2.0%
	Downside Scenario	1.4%	3.9%	3.1%	10.2%	(0.4)%	0.7%
Poland	Upside Scenario	5.0%	4.2%	3.5%	6.2%	5.5%	6.0%
	Base	5.5%	5.4%	4.2%	5.0%	2.0%	4.0%
	Downside Scenario	6.7%	9.1%	6.2%	3.9%	(1.4)%	2.1%
Russia	Upside Scenario	8.6%	7.1%	7.7%	1.9%	6.8%	6.2%
	Base	9.0%	8.3%	8.3%	0.0%	1.0%	3.0%
	Downside Scenario	10.1%	11.4%	10.0%	(2.9)%	(7.8)%	(1.9)%
Romania	Upside Scenario	6.9%	6.0%	6.1%	4.4%	6.8%	5.9%
	Base	7.5%	7.7%	7.0%	3.0%	2.5%	3.5%
	Downside Scenario	8.0%	9.2%	7.9%	1.6%	(1.6)%	1.2%
Slovakia	Upside Scenario	0.4%	(0.1)%	0.4%	22.5%	12.5%	7.2%
	Base	0.7%	0.8%	0.9%	20.0%	5.0%	3.0%
	Downside Scenario	1.6%	3.5%	2.4%	17.6%	(2.2)%	(1.0)%
Czech Republic	Upside Scenario	3.6%	3.2%	3.1%	15.0%	6.7%	6.6%
	Base	3.9%	4.1%	3.6%	11.0%	2.0%	4.0%
	Downside Scenario	4.8%	6.7%	5.0%	9.5%	(2.5)%	1.5%
Hungary	Upside Scenario	7.0%	7.8%	8.2%	9.0%	7.9%	7.3%
	Base	7.4%	8.9%	8.8%	7.0%	2.0%	4.0%
	Downside Scenario	8.5%	12.2%	10.6%	5.1%	(3.7)%	0.8%

		Consumer price index		
		2022	2023	2024
Croatia	Upside Scenario	9.7%	5.6%	3.0%
	Base	9.2%	4.1%	2.1%
	Downside Scenario	8.6%	2.3%	1.1%
Ukraine	Upside Scenario	20.8%	23.1%	14.8%
	Base	21.4%	24.9%	15.9%
	Downside Scenario	24.6%	34.5%	21.2%
Belarus	Upside Scenario	15.4%	16.8%	11.6%
	Base	16.0%	18.5%	12.5%
	Downside Scenario	20.4%	31.7%	19.9%
Austria	Upside Scenario	8.4%	5.2%	3.0%
	Base	8.2%	4.5%	2.6%
	Downside Scenario	7.9%	3.7%	2.2%
Poland	Upside Scenario	13.7%	13.5%	6.7%
	Base	13.0%	11.4%	5.5%
	Downside Scenario	12.2%	8.9%	4.1%
Russia	Upside Scenario	13.2%	5.7%	3.0%
	Base	13.8%	7.5%	4.0%
	Downside Scenario	15.4%	12.3%	6.7%
Romania	Upside Scenario	13.9%	12.9%	6.3%
	Base	13.2%	10.9%	5.2%
	Downside Scenario	11.9%	7.0%	3.0%
Slovakia	Upside Scenario	12.3%	16.0%	3.9%
	Base	11.3%	11.8%	2.4%
	Downside Scenario	10.3%	7.0%	0.5%
Czech Republic	Upside Scenario	16.8%	12.1%	3.7%
	Base	16.3%	10.7%	2.9%
	Downside Scenario	15.8%	9.1%	2.0%
Hungary	Upside Scenario	13.1%	12.9%	6.1%
	Base	12.3%	10.5%	4.8%
	Downside Scenario	11.4%	7.7%	3.2%

The weightings assigned to each scenario at quarter-end were as follows: 25 per cent upside scenario, 50 per cent base and 25 per cent downside scenario.

Since 10-year government bonds are not issued either in Ukraine or Belarus, there is no information on the long-term bond rate in these countries.

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 given situation, such as the pandemic and the war in Ukraine, it is necessary to reflect additional risks in the impairments. Due to these developments, ECL models will be re-evaluated and recalibrated throughout the year. All these adjustments are approved by the Group Risk Committee (GRC). There are portfolio-specific adjustments due to the war and the sanctions which are presented in the category others and COVID-19 related adjustments.

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 are shown in the table below and split according to the relevant categories.

30/9/2022	Modeled ECL	Other special risk factors		Post-model adjustments		Total
in € million		Spill-over effects	Russia/Ukraine war	COVID-19 related	Other	
Central banks	1	0	0	0	0	1
General governments	76	0	2	0	0	78
Banks	6	0	14	0	0	20
Other financial corporations	188	0	0	0	0	188
Non-financial corporations	85	324	366	15	1	791
Households	451	0	0	12	42	505
Total	**806**	**324**	**382**	**27**	**43**	**1,582**

31/12/2021	Modeled ECL	Other special risk factors		Post-model adjustments		Total
in € million		COVID-19 related	Other	COVID-19 related	Other	
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**

The overlays and other risk factors resulted in additional Stage 1 and 2 provisions of € 776 million (previous year: € 449 million). Of which € 324 million relate to spill-over effects, € 27 million to COVID-19, € 382 million to the conflict between Russia and Ukraine and € 43 million to other.

Other risk factors

Additional impairment losses of € 324 million were recognized for macroeconomic effects (spill-over effects). These include, for example, higher energy prices, increased inflation and bottlenecks in the supply chain and possible downgrades of company ratings due to lower revenues and higher costs caused by tight energy supply. A further € 4 million relate to the agricultural portfolio in Romania due to the dry period in spring 2021. A further € 382 million are attributable to EU and US sanctions for Russia and Belarus with € 248 million and to the impact of war in Ukraine with € 134 million. The impairments were recognized considering the outbreak of the war, the sanctions, and the resulting uncertainties as well as based on RBI's internal monitoring and control approaches. The modelled expected credit losses are already based on a scenario with GDP drop of 33 per cent in Ukraine combined with rating downgrades reflecting current situation. For corporate customers, additional expected credit loss effects have been built into the modelled expected credit losses. The additional credit losses in Ukraine of € 134 million result from the modelling of a longer-lasting war and a prolonged macroeconomic downturn, as well as damage to infrastructure, production facilities and livelihoods in and around the occupied territories, as well as the non-repayability of loans within the loan terms.

Uncertainties in this estimation of potential future losses originate in the very dynamic situation of the war in Ukraine. Therefore, a scenario-based approach along the dimension of duration of war and its impact on macro-economic parameters, increased uncertainty in financial market leading to potential refinancing risk for customers, and war damage and customer asset destruction in occupied zone, was used. The € 134 million overlay for Ukraine is the expected value of this analysis.

In the previous year, for corporate customers, COVID-19 related effects (€ 253 million) were additionally integrated in the modeled expected credit losses using credit loss effects by means of an industry matrix, country specifics or, if necessary, by means of other special risk factors. The category other included impairments for potential EU and US sanctions to Russia (€ 61 million) and Belarus (€ 28 million) and for the geopolitical risk in Ukraine (€ 25 million).

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 the previous year, the gradual reduction of the COVID-19 related post-model adjustments for households has been started and have been significantly reduced. This is expected to be completed by the end 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 has been/will be reversed.

The impact of the war on Ukraine's retail portfolio

For the Ukrainian retail portfolio, the assessment of provision coverage is based on local expert judgement which is obtained from the regular contact with individual customers by the debt collection department. Furthermore, structured customer surveys are carried out to keep up to date with the needs and potential issues that could influence the repayment ability of the customers. Based on the territorial classification of green (non-occupied territory), yellow (surroundings of occupied territory) and red (occupied territory), different adjustments to the parameter levels were performed both for performing as well as for defaulted exposures.

For Stage 3 assets in the occupied territories, coverage ratio was set to 90 per cent based on historic experience in the prior to war occupied territories of Donetsk and Luhansk. All Non-Stage 3 assets were moved holistically to Stage 2 to account for the higher risk from the ongoing war. For assets/customers from the red and yellow territories which were identified as high risk, risk parameters were further upward adjusted to reflect the expected future losses based on the above-mentioned surveys. This leads to a total of € 10 million additional provisions on local level.

Post-model adjustments in the green zones should fall after the end of the general imposed deferral of payment in June with associated resumption of standard information flow on payments and days past due information leading to the expected effect that certain share of customers will default and the remaining part will repay according to the normal process. For portfolios in the yellow and red zones, Stage 2 impairments and additional adjustments to the risk parameters will continue to be recognized.

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.

30/9/2022	Accumulated impairment (Stage 1 and 2)		
in € million	Simulated scenario	Point in time component	Forward looking component
100% Optimistic	1,441	1,420	21
100% Base	1,551	1,420	131
100% Pessimistic	1,789	1,420	369
Weighted average (25/50/25%)	**1,582**	**1,420**	**162**

31/12/2021	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)**

Overall macroeconomic scenarios are currently worse than the long-term average, so that the forward-looking component results in an increase of € 162 million.

The positive scenario is presented under the premise that all exposures are classified as Stage 1 and all spill-over effects, post-model adjustments and COVID-19 related risk factors 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	30/9/2022	31/12/2021
Accumulated impairment if 100% in Stage 1	589	427
Weighted average (25/50/25%)	1,582	1,011
Additional amounts in Stage 2 due to staging	993	584

The presented negative scenario 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, and economic spill-over effects 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	30/9/2022	31/12/2021
Accumulated impairment if 100% in Stage 2	2,194	1,701
Weighted average (25/50/25%)	1,582	1,011
Additional amounts in Stage 2	612	691

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	30/9/2022	31/12/2021
Pessimistic scenario	2,129	1,980
Weighted average	1,835	1,625
Increase in provisions due to pessimistic scenario	294	355

(38) Credit risk volume 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. This results in a high portfolio granularity. The following tables show the financial assets - amortized cost, by counterparty, revealing the bank's focus on non-financial corporations and households.

Gross carrying amount

	30/9/2022				31/12/2021			
in € million	Stage 1	Stage 2	Stage 3	POCI	Stage 1	Stage 2	Stage 3	POCI
Central banks	9,711	87	0	0	11,901	108	0	0
General governments	15,179	1,502	38	0	12,959	523	0	0
Banks	9,982	424	5	0	6,692	129	4	0
Other financial corporations	10,940	1,970	78	102	9,809	1,979	92	22
Non-financial corporations	43,169	10,132	1,553	140	42,142	8,464	1,367	173
Households	33,720	7,969	1,186	142	28,821	8,876	1,009	141
hereof mortgage	22,543	5,920	401	95	19,112	7,123	413	101
Total	**122,700**	**22,083**	**2,860**	**385**	**112,323**	**20,079**	**2,473**	**336**

Accumulated impairment

	30/9/2022				31/12/2021			
in € million	Stage 1	Stage 2	Stage 3	POCI	Stage 1	Stage 2	Stage 3	POCI
Central banks	0	0	0	0	0	0	0	0
General governments	(4)	(71)	0	0	(2)	(2)	0	0
Banks	(1)	(9)	(4)	0	0	0	(4)	0
Other financial corporations	(11)	(167)	(34)	(14)	(5)	(46)	(36)	(8)
Non-financial corporations	(167)	(476)	(926)	(60)	(93)	(351)	(838)	(76)
Households	(131)	(348)	(815)	(36)	(94)	(288)	(689)	(34)
hereof mortgage	(36)	(152)	(217)	(24)	(22)	(178)	(237)	(24)
Total	**(313)**	**(1,073)**	**(1,778)**	**(110)**	**(195)**	**(687)**	**(1,567)**	**(118)**

ECL coverage ratio

	30/9/2022				31/12/2021			
	Stage 1	Stage 2	Stage 3	POCI	Stage 1	Stage 2	Stage 3	POCI
Central banks	0.0%	0.5%	-	-	0.0%	0.0%	-	-
General governments	0.0%	4.8%	0.3%	0.0%	0.0%	0.3%	87.8%	0.0%
Banks	0.0%	2.1%	72.0%	99.4%	0.0%	0.0%	82.8%	-
Other financial corporations	0.1%	8.5%	43.1%	13.7%	0.1%	2.3%	39.4%	38.2%
Non-financial corporations	0.4%	4.7%	59.6%	42.9%	0.2%	4.1%	61.3%	43.8%
Households	0.4%	4.4%	68.7%	25.1%	0.3%	3.2%	68.3%	23.8%
hereof mortgage	0.2%	2.6%	54.2%	25.0%	0.1%	2.5%	57.3%	24.2%
Total	**0.3%**	**4.9%**	**62.2%**	**28.6%**	**0.2%**	**3.4%**	**63.4%**	**35.1%**

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

30/9/2022	Nominal amount			Provisions for off-balance sheet items according to IFRS 9			ECL Coverage Ratio		
in € million	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
Central banks	0	0	0	0	0	0	0.0%	–	–
General governments	337	81	0	0	(2)	0	0.0%	2.1%	0.0%
Banks	2,363	291	10	0	(10)	(5)	0.0%	3.6%	50.0%
Other financial corporations	5,928	512	7	(3)	(7)	(1)	0.0%	1.4%	16.2%
Non-financial corporations	29,772	6,005	179	(53)	(95)	(38)	0.2%	1.6%	21.0%
Households	4,989	1,122	18	(13)	(12)	(13)	0.3%	1.0%	71.9%
Total	**43,390**	**8,011**	**214**	**(69)**	**(126)**	**(57)**	**0.2%**	**1.6%**	**26.4%**

31/12/2021	Nominal amount			Provisions for off-balance sheet items according to IFRS 9			ECL Coverage Ratio		
in € million	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
Central banks	0	0	0	0	0	0	0.0%	–	–
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%**

The following table shows the gross carrying amount and impairment of those 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:

30/9/2022	Gross carrying amount		Impairment		ECL Coverage Ratio	
in € million	12-month ECL	Lifetime ECL	12-month ECL	Lifetime ECL	12-month ECL	Lifetime ECL
Movement from 12-month ECL to lifetime ECL	**(11,165)**	**11,165**	**(44)**	**584**	**0.4%**	**5.2%**
Central banks	(87)	87	0	0	0.0%	0.0%
General governments	(1,252)	1,252	(3)	56	0.3%	4.5%
Banks	(227)	227	0	7	0.0%	3.0%
Other financial corporations	(490)	490	(1)	62	0.2%	12.7%
Non-financial corporations	(4,755)	4,755	(19)	194	0.4%	4.1%
Households	(4,354)	4,354	(21)	265	0.5%	6.1%
Movement from lifetime ECL to 12-month ECL	**8,503**	**(8,503)**	**33**	**(186)**	**0.4%**	**2.2%**
Central banks	0	0	0	0	-	-
General governments	82	(82)	0	0	0.1%	0.4%
Banks	4	(4)	0	0	0.0%	0.0%
Other financial corporations	522	(522)	2	(10)	0.4%	1.9%
Non-financial corporations	2,858	(2,858)	21	(80)	0.7%	2.8%
Households	5,037	(5,037)	11	(96)	0.2%	1.9%

The increase in expected credit losses arising from the movement of twelve-month expected credit losses to lifetime losses amounted to € 540 million (previous year: € 258 million). The decrease in expected credit losses arising from the movement of lifetime losses to twelve-month expected credit losses was € 153 million (previous year: € 120 million).

31/12/2021 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%

(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 as well as for other demand deposits at banks:

in € million	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	POCI Lifetime ECL	Total
As at 1/1/2022	**196**	**687**	**1,567**	**118**	**2,569**
Increases due to origination and acquisition	98	56	13	0	167
Decreases due to derecognition	(27)	(82)	(181)	(24)	(314)
Changes due to change in credit risk (net)	61	342	351	9	763
Changes due to modifications without derecognition (net)	0	(1)	0	0	0
Decrease due to write-offs	0	(2)	(95)	(5)	(103)
Changes due to model/risk parameters	(3)	14	(10)	0	0
Change in consolidated group	3	3	(2)	14	18
Foreign exchange and other	(14)	57	137	(3)	177
As at 30/9/2022	**314**	**1,073**	**1,780**	**110**	**3,277**

in € million	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	POCI Lifetime ECL	Total
As at 1/1/2021	**188**	**630**	**1,633**	**119**	**2,572**
Increases due to origination and acquisition	80	60	36	0	176
Decreases due to derecognition	(26)	(68)	(146)	(15)	(256)
Changes due to change in credit risk (net)	(37)	35	264	13	275
Changes due to modifications without derecognition (net)	0	0	0	0	0
Decrease due to write-offs	0	(1)	(94)	(3)	(98)
Changes due to model/risk parameters	(2)	(2)	0	0	(4)
Change in consolidated group	0	0	0	0	0
Foreign exchange and other	4	5	15	4	28
As at 30/9/2021	**207**	**660**	**1,708**	**117**	**2,693**

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 1/1/2022	**43**	**84**	**58**	**185**
Increases due to origination and acquisition	32	19	3	55
Decreases due to derecognition	(9)	(17)	(6)	(33)
Changes due to change in credit risk (net)	6	25	(1)	30
Foreign exchange and other	(3)	15	2	14
As at 30/9/2022	**69**	**126**	**57**	**252**

in € million	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
As at 1/1/2021	**45**	**59**	**71**	**174**
Increases due to origination and acquisition	33	14	3	50
Decreases due to derecognition	(10)	(9)	(9)	(27)
Changes due to change in credit risk (net)	(21)	(1)	(2)	(24)
Changes due to model/risk parameters	0	0	0	0
Change in consolidated group	0	0	0	0
Foreign exchange and other	2	2	0	4
As at 30/9/2021	**49**	**65**	**63**	**178**

(40) Modified assets

Changes in contractual cash flows of financial assets are examined according to both 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 net modification effect of minus € 11 million to minus € 4 million was mainly due to the ending of COVID-19 measures in countries in which RBI operates. The fact that unpaid interest from legally prescribed moratoriums was not allowed to generate compound interest resulted in reductions in the gross carrying amount of the loans concerned, which caused net modification losses.

30/9/2022 in € million	Stage 1	Stage 2	Stage 3	POCI	Total
Net modifications gains/losses of financial assets	(1)	1	(3)	(1)	(4)
Amortized cost before the modification of financial assets	3,959	1,096	1	8	5,064
Gross carrying amount of modified assets as at 31/12, which moved to Stage 1 during the year	–	51	0	0	51

31/12/2021 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

(41) Transferred assets

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

30/9/2022	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	11	0	11	11	0	11
Non-trading financial assets - mandatorily fair value through profit/loss	2	0	2	2	0	2
Financial assets - fair value through other comprehensive income	58	0	58	52	0	52
Financial assets - amortized cost	4,322	0	4,322	4,378	0	4,378
Total	**4,393**	**0**	**4,393**	**4,442**	**0**	**4,442**

31/12/2021	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**

(42) Assets pledged as collateral and significantly restricted

Significant restrictions regarding the access or use of assets:

	30/9/2022		31/12/2021	
in € million	Pledged	Otherwise restricted with liabilities	Pledged	Otherwise restricted with liabilities
Financial assets - held for trading	33	0	141	0
Non-trading financial assets - mandatorily fair value through profit/loss	15	0	15	0
Financial assets - designated fair value through profit/loss	0	0	0	0
Financial assets - fair value through other comprehensive income	452	15	603	0
Financial assets - amortized cost	22,849	2,357	18,232	1,000
Total	**23,348**	**2,371**	**18,990**	**1,000**

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

Securities and other financial assets accepted as collateral:

in € million	30/9/2022	31/12/2021
Securities and other financial assets accepted as collateral which can be sold or repledged	20,536	17,517
hereof which have been sold or repledged	4,095	2,068

(43) Derivative financial instruments

In the derivatives portfolio, RBI makes off-setting of fair value adjustments to cover changes in counterparty risk (credit and debit value adjustments). The following table shows an analysis of the counterparty credit exposures arising from derivative transactions which are mostly OTC. Counterparty credit risk can be minimized by using settlement houses and collateral in most cases.

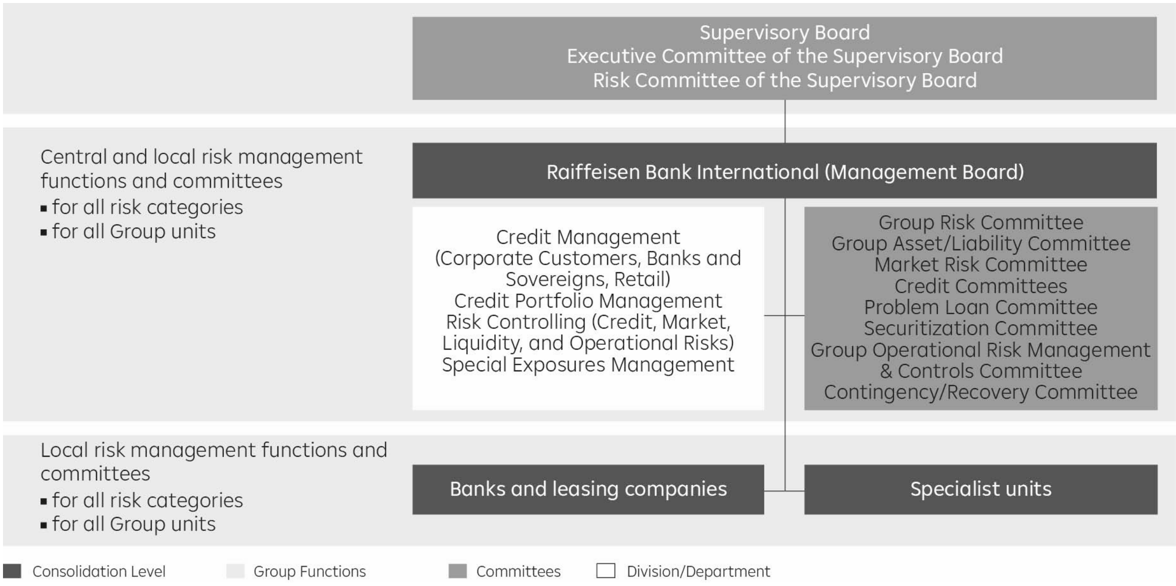
30/9/2022	Nominal amount	Fair value	
in € million		Assets	Equity and liabilities
Trading book	**169,637**	**5,905**	**(5,489)**
Interest rate contracts	113,285	3,858	(3,687)
Equity contracts	4,527	154	(263)
Foreign exchange rate and gold contracts	49,654	1,860	(1,511)
Credit contracts	1,145	13	(10)
Commodities	37	2	(1)
Other	989	18	(15)
Banking book	**77,100**	**1,849**	**(1,131)**
Interest rate contracts	70,342	1,741	(1,074)
Foreign exchange rate and gold contracts	6,738	105	(57)
Credit contracts	20	2	0
Hedging instruments	**34,519**	**1,176**	**(2,452)**
Interest rate contracts	33,054	1,160	(2,413)
Foreign exchange rate and gold contracts	1,465	16	(39)
Total	**281,256**	**8,930**	**(9,071)**
OTC products	273,950	8,775	(8,969)
Products traded on stock exchange	5,116	120	(75)

31/12/2021	Nominal amount	Fair value	
in € million		Assets	Equity and 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)

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 principles and organization of risk management are disclosed in the relevant sections of the 2021 Annual Report, pages 174 ff.



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 year-end 2021. The economic capital recorded a strong increase compared to year-end 2021, mainly driven by effects resulting from the military conflict in Ukraine and the sanctions against Russia and Belarus. Specifically, this includes rating downgrades in the countries concerned and higher market volatility, as well as an increase in the FX risk capital position. In addition, the operational risk increased due to higher allocations to provisions for foreign currency loans in Poland.

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 was carried out in the first half-year 2022. The climate risk component is thus 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	30/9/2022	Share	31/12/2021	Share
FX risk capital position	2,295	23.2%	286	4.3%
Credit risk corporate customers	1,874	19.0%	1,820	27.2%
Credit risk retail customers	1,506	15.3%	1,459	21.8%
Market risk	959	9.7%	507	7.6%
Operational risk	806	8.2%	597	8.9%
Participation risk	656	6.6%	718	10.7%
Credit risk sovereigns	492	5.0%	533	8.0%
Credit risk banks	469	4.8%	155	2.3%
Owned property risk	310	3.1%	287	4.3%
CVA risk	35	0.4%	21	0.3%
Liquidity risk	3	0.0%	0	0.0%
Risk buffer	470	4.8%	319	4.8%
Total	**9,876**	**100.0%**	**6,702**	**100.0%**

Regional allocation of economic capital by Group unit domicile:

in € million	30/9/2022	Share	31/12/2021	Share
Eastern Europe	3,740	37.9%	1,198	17.9%
Austria	2,389	24.2%	2,357	35.2%
Central Europe	1,972	20.0%	1,530	22.8%
Southeastern Europe	1,774	18.0%	1,617	24.1%
Rest of World	0	0.0%	0	0.0%
Total	**9,876**	**100.0%**	**6,702**	**100.0%**

(44) Credit risk

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

Reconciliation of figures from 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 credit lines, repo transactions and derivatives, particularly SA-CCR (standardized approach for measuring counterparty credit risk).

in € million	30/9/2022	31/12/2021
Cash, cash balances at central banks and other demand deposits	50,934	33,147
Financial assets - amortized cost	148,028	139,668
Financial assets - fair value through other comprehensive income	3,235	4,709
Non-trading financial assets - mandatorily at fair value through profit / loss	734	978
Financial assets - designated fair value through profit/loss	91	264
Financial assets - held for trading	9,333	3,759
Hedge accounting	232	352
Current tax assets	90	73
Deferred tax assets	327	152
Other assets	914	1,034
Loan commitments given	36,986	42,601
Financial guarantees given	9,773	8,900
Other commitments given	4,856	4,548
Reconcilation difference	(8,681)	(8,003)
Credit exposure	**256,853**	**232,183**

The reconcilation difference was primarily attributable to SA-CCR netting.

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	30/9/2022	31/12/2021
Corporate customers	96,199	95,080
Project finance	9,499	8,359
Retail customers	50,809	48,031
Banks	33,093	20,864
Sovereigns	67,252	59,849
Total	**256,853**	**232,183**

Credit portfolio – Corporate customers

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		30/9/2022	Share	31/12/2021	Share
1	Minimal risk	2,288	2.4%	2,030	2.1%
2	Excellent credit standing	7,946	8.3%	8,634	9.1%
3	Very good credit standing	22,475	23.4%	22,974	24.2%
4	Good credit standing	23,908	24.9%	22,532	23.7%
5	Sound credit standing	17,189	17.9%	18,430	19.4%
6	Acceptable credit standing	11,663	12.1%	12,572	13.2%
7	Marginal credit standing	3,956	4.1%	4,821	5.1%
8	Weak credit standing/sub-standard	3,125	3.2%	1,411	1.5%
9	Very weak credit standing/doubtful	1,805	1.9%	168	0.2%
10	Default	1,448	1.5%	1,267	1.3%
NR	Not rated	397	0.4%	240	0.3%
Total		**96,199**	**100.0%**	**95,080**	**100.0%**

The not rated category contains € 145 million in asset-backed securities (ABS).

The credit exposure to corporate customers increased € 1,119 million to € 96,199 million compared to year-end 2021. The largest increases were recorded in Serbia (acquisition of Crédit Agricole Srbija AD), Austria, Romania, Luxembourg, and the Czech Republic. These were offset by the sale of the Bulgarian Group units (down € 2,526 million). In Russia, among other things, the sanctions led to a volume-related decline, which was partly offset by the appreciation of the Russian ruble.

The largest increase was recorded by rating grades 8 and 9, primarily due to rating downgrades of Russian, Belarusian and Ukrainian customers from rating grades 3, 4, 5, 6 and 7. Despite the shifts, rating grade 4 increased, primarily due to new business in the Czech Republic, Romania, Kazakhstan, the USA, Spain and Germany and to rating downgrades of Russian customers from rating grade 3. Furthermore, the decline in rating grades 3 and 5 resulted from a reduced credit exposure in the Czech Republic and Switzerland. The decline in rating grades 6 and 7 was mainly due to reduced exposure due to the sale of the Bulgarian Group units and to rating downgrades of Ukrainian and Belarusian customers.

The rating model for project finance has five grades and takes both individual probabilities of default and available collateral into account.

in € million		30/9/2022	Share	31/12/2021	Share
6.1	Excellent project risk profile – very low risk	5,646	59.4%	4,807	57.5%
6.2	Good project risk profile – low risk	3,114	32.8%	2,539	30.4%
6.3	Acceptable project risk profile – average risk	340	3.6%	666	8.0%
6.4	Poor project risk profile – high risk	103	1.1%	16	0.2%
6.5	Default	263	2.8%	325	3.9%
NR	Not rated	34	0.4%	6	0.1%
Total		**9,499**	**100.0%**	**8,359**	**100.0%**

The € 1,140 million increase in project finance was mainly attributable to an increase in rating grades 6.1 and 6.2 in the Czech Republic, Austria, Russia (currency-related due to the appreciation of the Russian ruble) and Slovakia.

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	30/9/2022	Share	31/12/2021	Share
Western Europe	26,606	25.2%	26,168	25.3%
Central Europe	24,906	23.6%	23,215	22.4%
Austria	19,679	18.6%	18,623	18.0%
Eastern Europe	16,089	15.2%	17,759	17.2%
Southeastern Europe	14,436	13.7%	14,388	13.9%
Asia	2,052	1.9%	1,667	1.6%
Other	1,931	1.8%	1,618	1.6%
Total	**105,699**	**100.0%**	**103,439**	**100.0%**

The increase in Central Europe was primarily attributable to the increase in credit financing and guarantees issued in the Czech Republic and Slovakia. The increase in Austria essentially resulted from the increase in credit financing and guarantees issued. At € 2,650 million, the sale of the Bulgarian Group units reduced the credit exposure in Southeastern Europe and was offset by the acquisition of Crédit Agricole Srbija AD and by increases in credit and facility financing in Serbia and Romania. The decline in Eastern Europe was due to reduced credit and facility financing in Russia, Ukraine and Belarus.

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

in € million	30/9/2022	Share	31/12/2021	Share
Manufacturing	26,344	24.9%	26,270	25.4%
Wholesale and retail trade	22,938	21.7%	24,175	23.4%
Real estate	13,560	12.8%	12,852	12.4%
Financial intermediation	9,307	8.8%	8,814	8.5%
Construction	6,337	6.0%	5,863	5.7%
Electricity, gas, steam and hot water supply	5,434	5.1%	4,726	4.6%
Transport, storage and communication	4,157	3.9%	4,122	4.0%
Freelance/technical services	3,052	2.9%	2,481	2.4%
Other industries	14,569	13.8%	14,136	13.7%
Total	**105,699**	**100.0%**	**103,439**	**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	30/9/2022	Share	31/12/2021	Share
Retail customers – private individuals	47,755	94.0%	44,683	93.0%
Retail customers – small and medium-sized entities	3,054	6.0%	3,348	7.0%
Total	**50,809**	**100.0%**	**48,031**	**100.0%**

Credit exposure to retail customers by internal rating:

in € million		30/9/2022	Share	31/12/2021	Share
0.5	Minimal risk	12,040	23.7%	12,192	25.4%
1.0	Excellent credit standing	9,599	18.9%	8,577	17.9%
1.5	Very good credit standing	8,723	17.2%	8,449	17.6%
2.0	Good credit standing	6,088	12.0%	6,275	13.1%
2.5	Sound credit standing	3,818	7.5%	3,660	7.6%
3.0	Acceptable credit standing	2,078	4.1%	2,189	4.6%
3.5	Marginal credit standing	1,017	2.0%	840	1.7%
4.0	Weak credit standing/sub-standard	472	0.9%	359	0.7%
4.5	Very weak credit standing/doubtful	588	1.2%	397	0.8%
5.0	Default	1,445	2.8%	1,318	2.7%
NR	Not rated	4,941	9.7%	3,776	7.9%
Total		**50,809**	**100.0%**	**48,031**	**100.0%**

The not rated credit exposure was mainly due to the takeover of Czech and Serbian portfolios. The integration into the existing rating systems is planned for 2022 and 2023.

Credit exposure to retail customers by segments:

30/9/2022 in € million	Central Europe	Southeastern Europe	Eastern Europe	Group Corporates & Markets
Retail customers – private individuals	22,491	9,942	7,966	7,356
Retail customers – small and medium-sized entities	1,740	1,065	249	0
Total	**24,231**	**11,007**	**8,215**	**7,356**
hereof non-performing exposure	553	421	423	42

31/12/2021 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

In the first three quarters of 2022, credit exposure to retail customers grew 6 per cent, with the largest increase being in Eastern Europe and due to the development of the Russian ruble. Group Corporates & Markets recorded a € 1,179 million increase as a result of the increase in mortgage loans in Austria. Central Europe recorded growth of € 440 million, due to the increase in mortgage and consumer loans in the Czech Republic and Slovakia. The decline in Southeastern Europe was due to the sale of the Bulgarian Group units (down € 2,205 million) and was partly offset by the acquisition of Crédit Agricole Srbija AD (€ 752 million).

Retail credit exposure by products:

in € million	30/9/2022	Share	31/12/2021	Share
Mortgage loans	30,711	60.4%	28,886	60.1%
Personal loans	11,660	22.9%	10,879	22.6%
Credit cards	4,166	8.2%	3,708	7.7%
SME financing	2,379	4.7%	2,622	5.5%
Overdraft	1,255	2.5%	1,364	2.8%
Car loans	637	1.3%	572	1.2%
Total	**50,809**	**100.0%**	**48,031**	**100.0%**

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		30/9/2022	Share	31/12/2021	Share
1	Minimal risk	5,369	16.2%	3,668	17.6%
2	Excellent credit standing	10,090	30.5%	4,385	21.0%
3	Very good credit standing	11,420	34.5%	6,193	29.7%
4	Good credit standing	678	2.0%	5,649	27.1%
5	Sound credit standing	145	0.4%	418	2.0%
6	Acceptable credit standing	4,638	14.0%	433	2.1%
7	Marginal credit standing	102	0.3%	91	0.4%
8	Weak credit standing/sub-standard	22	0.1%	23	0.1%
9	Very weak credit standing/doubtful	610	1.8%	0	0.0%
10	Default	17	0.1%	3	0.0%
NR	Not rated	2	0.0%	0	0.0%
Total		**33,093**	**100.0%**	**20,864**	**100.0%**

Credit exposure to banks increased primarily due to the increase in loans and advances in rating grades 1 and 2 in China, France, the USA, Austria and Luxembourg, and to repo transactions in rating grade 2 in France and the Netherlands and in rating grade 6 in Russia. In addition, rating grade 4 recorded a decline in repo transactions mainly in France, Spain and Italy, also due to rating upgrades of individual customers to rating grade 3. The increase in rating grade 1 was primarily due to an increase in bonds to international organizations.

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

in € million	30/9/2022	Share	31/12/2021	Share
Repo	14,222	43.0%	8,467	40.6%
Loans and advances	10,745	32.5%	5,201	24.9%
Bonds	4,535	13.7%	4,052	19.4%
Money market	1,835	5.5%	1,153	5.5%
Derivatives	633	1.9%	612	2.9%
Other	1,123	3.4%	1,378	6.6%
Total	**33,093**	**100.0%**	**20,864**	**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.

Credit exposure to sovereigns (including central banks) by internal rating:

in € million		30/9/2022	Share	31/12/2021	Share
1	Excellent credit standing	39,642	58.9%	30,797	51.5%
2	Very good credit standing	11,410	17.0%	15,392	25.7%
3	Good credit standing	6,447	9.6%	7,391	12.3%
4	Sound credit standing	4,187	6.2%	3,811	6.4%
5	Average credit standing	655	1.0%	1,183	2.0%
6	Mediocre credit standing	1,896	2.8%	75	0.1%
7	Weak credit standing	22	0.0%	1,198	2.0%
8	Very weak credit standing	3	0.0%	0	0.0%
9	Doubtful/high default risk	1,568	2.3%	0	0.0%
10	Default	1,336	2.0%	1	0.0%
NR	Not rated	87	0.1%	0	0.0%
Total		**67,252**	**100.0%**	**59,849**	**100.0%**

Since the beginning of the war in Ukraine, Russia's access to the global financial system has been steadily deteriorating. Western countries have added strong sanctions on Russian entities, including its central bank and the government. At the same time, Russia has introduced restrictions to capital flows to so-called unfriendly countries. Both impeded both the ability and willingness to service international debts. According to available information, holders of Russian sovereign bonds in foreign currency (eurobonds) did not receive coupon payments due latest on Sunday 26 June 2022. Moreover, subsequent coupons were paid in Russian rubles and not in the contractual foreign currency of the respective eurobonds. In response to this, RBI set the internal rating of Russian sovereign bonds to the lowest level possible (SOV 10). However, consistent with the regulatory guidelines and internal credit risk management the external non-payment event in this case is not considered a default as the local currency government bonds held by the Russian subsidiary bank are not affected by these restrictions, and are still paying the original expected contractual cash flows.

On 29 June 2022, the Belarusian Ministry of Finance announced that Western sanctions which have limited the country's ability to deal in foreign currencies were pushing the country into default despite being able to service its debts. According to available information, holders of Belarusian sovereign eurobonds due in 2027 did not receive debt payments in their original currency, US dollars, after the government of Belarus said it would rather service the bonds in its own currency, the Belarus ruble. A payment which was originally due on 29 June remained unpaid upon the expiry of a 14-day grace period. In response to this, RBI set the internal rating of Belarusian sovereign bonds in July to the lowest level possible (SOV 10), however consistent with the regulatory guidelines and internal credit risk management the external non-payment event in this case is not considered a default as the government bonds according to Belarusian law held by the local subsidiary bank are still paying the original expected contractual cash flows.

On 10 August 2022, Ukraine carried out a debt restructuring due to significant macroeconomic, external and fiscal pressures emanating from the war. The restructuring has been backed by the International Monetary Fund and Western democracies as the country needs to cover general government spending as well as pay for the defense of Ukraine. The majority of the country's foreign currency bondholders agreed to a deferral of debt payments for two years. In response to this, RBI set the internal rating of Ukrainian sovereign bonds to the lowest level possible (SOV 10), however consistent with the regulatory guidelines and internal credit risk management the external non-payment event in this case is not considered a default as the local currency instruments held by the local subsidiary bank under Ukrainian law are not affected by restructuring, and are still paying the original expected contractual cash flows.

The increase in rating grade 1 was mainly due to a rise in deposits at the Austrian national bank, which was partially offset by a decrease in repo transactions in the Czech Republic. Rating grade 6 recorded an increase due to the rating downgrade of the Russian central bank from rating grade 2. In addition to the rating downgrade of the Russian central bank, the decline in rating grade 2 was due to lower deposits at the Slovakian and Romanian national banks and to the reduction in money market transactions with the Hungarian national bank. The increase in rating grade 9 was due to the rating downgrade of the Belarusian and Ukrainian national banks from rating grade 7. The increase in rating grade 10 was due to Russia's rating downgrade from rating grade 3 and to that of Ukraine and Belarus from rating grade 7.

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

in € million	30/9/2022	Share	31/12/2021	Share
Loans and advances	34,246	50.9%	28,111	47.0%
Bonds	18,165	27.0%	17,909	29.9%
Money market	8,073	12.0%	5,574	9.3%
Repo	6,281	9.3%	8,091	13.5%
Derivate	159	0.2%	97	0.2%
Sonstige	327	0.5%	67	0.1%
Total	**67,252**	**100.0%**	**59,849**	**100.0%**

The increase in loans and advances to sovereigns was due to deposits at the Austrian national bank. The increase in money market transactions mainly resulted from the increase at the Slovakian national bank. Repo transactions declined in the Czech Republic.

Non-investment grade credit exposure to sovereigns (rating grade 5 and below):

in € million	30/9/2022	Share	31/12/2021	Share
Russia	2,404	43.2%	0	0.0%
Ukraine	1,233	22.1%	843	34.3%
Belarus	763	13.7%	336	13.7%
Albania	637	11.5%	720	29.3%
Bosnia and Herzegovina	382	6.9%	465	18.9%
Other	148	2.7%	94	3.8%
Total	**5,566**	**100.0%**	**2,458**	**100.0%**

The non-investment grade credit exposure to sovereigns increased due to the rating downgrade of Russia. The exposure mainly includes Russian, Ukrainian and Belarusian government bonds as well as deposits of Group units at local 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).

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	30/9/2022	31/12/2021	30/9/2022	31/12/2021	30/9/2022	31/12/2021
General governments	38	1	1.6%	0.1%	0.3%	96.0%
Banks	7	3	0.0%	0.0%	59.2%	>100%
Other financial corporations	167	113	1.4%	1.0%	28.5%	39.7%
Non-financial corporations	1,638	1,574	3.0%	2.9%	60.9%	59.8%
Households	1,268	1,131	2.9%	2.8%	68.3%	68.3%
Loans and advances	**3,117**	**2,822**	**1.7%**	**1.8%**	**61.5%**	**62.5%**
Bonds	**0**	**0**	**0.0%**	**0.0%**	**–**	**–**
Total	**3,117**	**2,823**	**1.5%**	**1.6%**	**61.5%**	**62.5%**

In the first three quarters of 2022, the volume of non-performing exposures rose € 295 million to € 3,117 million. The organic increase was € 214 million, with the currency trend contributing € 158 million, particularly as a result of the appreciation of the Russian ruble and the US dollar. This was offset by the sale of the Bulgarian Group units amounting to € 105 million. At 1.5 per cent, the NPE ratio recorded a slight 0.1 percentage points fall compared to the year-end. The coverage ratio fell 1.0 percentage point to 61.5 per cent.

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

in € million	As at 1/1/2022	Change in consolidated group	Exchange rate	Additions	Disposals	As at 30/9/2022
General governments	1	(1)	0	38	0	38
Banks	3	0	0	3	0	7
Other financial corporations	113	0	2	96	(43)	167
Non-financial corporations	1,574	(39)	90	439	(427)	1,638
Households	1,131	(37)	66	440	(331)	1,268
Loans and advances (NPL)	**2,822**	**(77)**	**158**	**1,015**	**(801)**	**3,117**
Bonds	**0**	**0**	**0**	**0**	**0**	**0**
Total (NPE)	**2,823**	**(77)**	**158**	**1,015**	**(801)**	**3,117**

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**

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

	NPE		NPE ratio		NPE coverage ratio	
in € million	30/9/2022	31/12/2021	30/9/2022	31/12/2021	30/9/2022	31/12/2021
Central Europe	842	916	1.5%	1.6%	61.4%	60.5%
Southeastern Europe	642	756	2.2%	2.4%	70.1%	69.3%
Eastern Europe	810	350	2.2%	1.5%	60.7%	66.9%
Group Corporates & Markets	823	801	1.4%	1.5%	55.7%	56.4%
Corporate Center	0	0	0.0%	0.0%	100.0%	100.0%
Total	**3,117**	**2,823**	**1.5%**	**1.6%**	**61.5%**	**62.5%**

Rising € 460 million to € 810 million, the Eastern Europe segment was the main contributor to the increase in non-performing exposure, with Russia accounting for € 258 million and Ukraine for € 184 million. The appreciation of the Russian ruble accounted for € 102 million of the increase, with sales and derecognitions of non-performing loans in Russia resulting in a reduction of € 63 million. The NPE ratio in relation to total exposure increased 0.7 percentage points to 2.2 per cent, and the coverage ratio sank 6.2 percentage points to 60.7 per cent.

Non-performing exposure in the Group Corporates and Markets segment increased € 22 million to € 823 million compared to the year-end, influenced by the appreciation of the US dollar amounting to € 56 million. This contrasted with a € 32 million decline in organic terms. The NPE ratio fell 0.1 percentage points to 1.4 per cent, and the coverage ratio fell 0.8 percentage points to 55.7 per cent.

The Southeastern Europe segment reported a € 114 million reduction in non-performing exposure to € 642 million. The reduction was mainly attributable to the sale of the Bulgarian Group units in a total amount of € 105 million. The NPE ratio decreased 0.2 percentage points to 2.2 per cent, and the coverage ratio increased 0.7 percentage points to 70.1 per cent.

At € 842 million, the Central Europe segment reported a € 73 million decrease in non-performing exposure, primarily due to declines amounting to € 83 million in the Czech Republic and Hungary. At 1.5 per cent, the NPE ratio in relation to total exposure fell 0.1 percentage points, and the coverage ratio rose 0.8 percentage points to 61.4 per cent.

Non-performing exposure with restructuring measures:

in € million	Refinancing 30/9/2022	Refinancing 31/12/2021	Instruments with modified maturities and conditions 30/9/2022	Instruments with modified maturities and conditions 31/12/2021	Total 30/9/2022	Total 31/12/2021
General governments	0	0	0	1	0	1
Banks	0	0	0	0	0	0
Other financial corporations	73	8	29	60	101	69
Non-financial corporations	120	215	789	804	909	1,019
Households	10	11	287	297	297	308
Total	**202**	**235**	**1,105**	**1,162**	**1,307**	**1,397**

Non-performing exposure with restructuring measures by segments:

in € million	30/9/2022	Share	31/12/2021	Share
Central Europe	267	20.5%	328	23.5%
Southeastern Europe	188	14.4%	261	18.7%
Eastern Europe	256	19.6%	179	12.8%
Group Corporates & Markets	595	45.5%	628	45.0%
Total	**1,307**	**100.0%**	**1,397**	**100.0%**

Concentration risk

The credit portfolio of the Group is well diversified in terms of geographical region and industry. Single name concentrations are also actively managed (based on the concept of groups of connected customers) by way of limits and regular reporting. As a result, portfolio granularity is high. The regional breakdown of the exposures reflects the broad diversification of credit business in the Group's European markets.

Credit exposures across all asset classes by the borrower's country of risk, grouped by regions:

in € million	30/9/2022	Share	31/12/2021	Share
Central Europe	**69,305**	**27.0%**	**69,380**	**29.9%**
Czech Republic	31,044	12.1%	31,130	13.4%
Slovakia	22,806	8.9%	22,228	9.6%
Hungary	10,667	4.2%	10,841	4.7%
Poland	4,265	1.7%	4,610	2.0%
Other	522	0.2%	572	0.2%
Austria	**59,623**	**23.2%**	**46,936**	**20.2%**
Western Europe	**45,351**	**17.7%**	**41,056**	**17.7%**
Germany	12,907	5.0%	12,356	5.3%
France	8,386	3.3%	6,784	2.9%
Great Britain	4,570	1.8%	4,413	1.9%
Switzerland	3,759	1.5%	4,211	1.8%
Spain	3,521	1.4%	2,654	1.1%
Luxembourg	3,197	1.2%	2,395	1.0%
Netherlands	2,753	1.1%	1,795	0.8%
Italy	1,815	0.7%	1,693	0.7%
Other	4,442	1.7%	4,755	2.0%
Southeastern Europe	**34,669**	**13.5%**	**36,906**	**15.9%**
Romania	15,606	6.1%	14,459	6.2%
Croatia	7,100	2.8%	6,368	2.7%
Serbia	6,367	2.5%	4,490	1.9%
Bosnia and Herzegovina	2,317	0.9%	2,293	1.0%
Albania	1,855	0.7%	1,798	0.8%
Bulgaria	298	0.1%	6,413	2.8%
Other	1,126	0.4%	1,085	0.5%
Eastern Europe	**34,232**	**13.3%**	**29,826**	**12.8%**
Russia	27,058	10.5%	23,339	10.1%
Ukraine	4,245	1.7%	4,253	1.8%
Belarus	2,193	0.9%	1,906	0.8%
Other	736	0.3%	328	0.1%
Asia	**6,967**	**2.7%**	**2,450**	**1.1%**
North America	**3,030**	**1.2%**	**2,992**	**1.3%**
Rest of World	**3,675**	**1.4%**	**2,636**	**1.1%**
Total	**256,853**	**100.0%**	**232,183**	**100.0%**

Austria recorded the largest increase due to the rise in credit financing at the Austrian national bank. In Asia, the rise was due to an increase in loans and advances in China. The increase in Eastern Europe was attributable to the appreciation of the Russian ruble. In Western Europe, repo transactions increased in France, the Netherlands and Spain. In addition, loans and advances increased in Luxembourg. The sale of the Bulgarian Group units led to a reduction in Southeastern Europe, which was partly offset by the acquisition of Crédit Agricole Srbija AD.

The Group's credit exposure based on industry classification:

in € million	30/9/2022	Share	31/12/2021	Share
Banking and insurance	84,690	33.0%	66,636	28.7%
Private households	47,840	18.6%	44,857	19.3%
Other manufacturing	19,902	7.7%	19,954	8.6%
Public administration and defense and social insurance institutions	19,548	7.6%	18,788	8.1%
Wholesale trade and commission trade (except car trading)	16,776	6.5%	18,135	7.8%
Real estate activities	13,726	5.3%	13,017	5.6%
Construction	6,956	2.7%	6,404	2.8%
Retail trade except repair of motor vehicles	6,341	2.5%	6,144	2.6%
Electricity, gas, steam and hot water supply	5,588	2.2%	4,852	2.1%
Other business activities	4,076	1.6%	2,881	1.2%
Manufacture of basic metals	2,869	1.1%	3,240	1.4%
Land transport, transport via pipelines	2,811	1.1%	2,599	1.1%
Manufacture of food products and beverages	2,599	1.0%	2,925	1.3%
Other transport	2,125	0.8%	2,115	0.9%
Manufacture of machinery and equipment	1,915	0.7%	1,875	0.8%
Sale of motor vehicles	1,453	0.6%	1,346	0.6%
Extraction of crude petroleum and natural gas	1,190	0.5%	1,389	0.6%
Other industries	16,449	6.4%	15,024	6.5%
Total	**256,853**	**100.0%**	**232,183**	**100.0%**

(45) Market risk

Market risk management is based on a dual management approach. For the overall portfolio including the banking book, the model used is based on a historical simulation and is suitable for the longer-term management of market risk in the banking books (ALL model). For all market risks with a direct impact on the income statement, a model is used that forecasts short-term volatility well (IFRS P&L model). This model approach has been approved by the Austrian Financial Market Authority as an internal model for measuring the capital requirement for market risks in the trading book of the head office. Both models calculate value-at-risk figures for changes in the risk factors foreign currencies, interest rate development, credit spreads, implied volatility, equity indices and basis spreads. The table below presents an overview of the development of the main risk indicators under both models (ALL and IFRS P&L).

Total VaR (99%, 1d) in € million	VaR as at 30/9/2022	Average VaR	Minimum VaR	Maximum VaR	VaR as at 31/12/2021[1]
Model ALL total VaR (99%, 20d)	660	365	137	688	168
Model IFRS-P&L total VaR (99%, 1d)	33	19	4	48	6

1 Adaption of previous year figures

The table below shows the risk ratios of the two models (ALL and IFRS P&L) by risk type. Capital positions held in foreign currencies and open foreign exchange positions, spread risks from bond books (often held as liquidity buffers), basis risks from basis spreads in Russian rubles, as well as the increased market volatility are the main drivers of the higher VaR result.

VaR split	Model ALL total VaR (99%, 20d)		Model IFRS-P&L total VaR (99%, 1d)	
in per cent	30/9/2022	31/12/2021	30/9/2022	31/12/2021
Currency risk	47.8%	16.6%	5.1%	48.5%
Interest rate risk	6.7%	17.3%	1.4%	7.0%
Credit spread risk	41.9%	60.5%	1.8%	25.0%
Basis risk	1.4%	(0.6)%	73.5%	5.1%
Share price risk	0.5%	0.6%	2.2%	6.5%
Vega risk	1.6%	5.6%	16.1%	8.0%

The total VaR (ALL model) rose in the reporting period due to the war in Ukraine and the energy crisis. The largest changes were recorded in the structural foreign currency position and in credit spreads. Exchange rate volatility also increased, notably for the Russian ruble, the Belarusian ruble and the Ukrainian hryvnia.

The higher P&L VaR (IFRS P&L model) was due to an increase in the basis risk of the reference curves for the Russian ruble, which was driven by the impact of the war and the sanctions against Russia on the Russian markets. In addition, the bid/ask spreads increased sharply compared to before the crisis. RBI has generally reduced trading positions and successfully cut the trading positions affected by the war.

Market risk management is based on daily monitoring of market movements and position changes for the head office and Group units. In addition, developments on the local markets are updated daily and risk management is actively managed in order to be able to react quickly to changes.

(46) Liquidity management

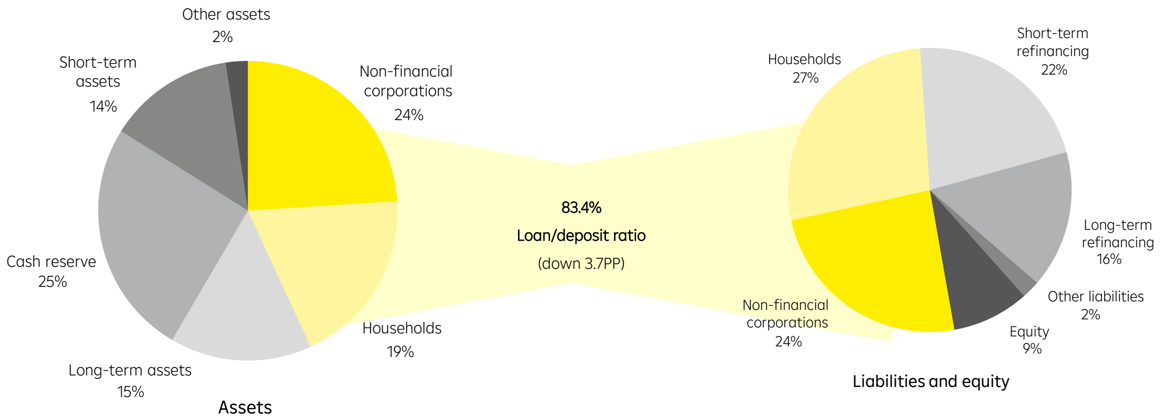
In as early as November 2021, a working group was established at RBI's head office in order to assess the geopolitical tensions between Russia and Ukraine and their potential impact on RBI. In weekly meetings, this working group developed stress tests and preparatory measures for various scenarios (including an outbreak of war). As part of the preparatory measures, the excess liquidity and banknote stocks of the Eastern European subsidiaries were increased.

After the beginning of the war (24 February 2022), slightly increased deposit withdrawals were observed in individual countries, while liquidity reserves constantly remained very high across the entire Group. At the end of September 2022, liquidity risk indicators even improved for RBI compared to pre-war levels. The focus is now on the medium-term trend in the liquidity position. As a result, in order to meet the demand for customer loans with stable equity and liabilities, the development of the customer deposits base and of stable, long-term financing continues.

The current crisis related to the war in Ukraine once more emphasizes RBI's strong liquidity position and its ability to adapt to market or name-driven turmoil. The ILAAP framework and RBI's governance again proved to be solid and functional even in times of crisis. The daily monitoring of the liquidity position via dynamic dashboards showed that infrastructure and monitoring are effective and support fast responses in times of crisis.

Funding structure

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



Liquidity position

The Going Concern report shows the structural liquidity position. It covers all material risk drivers which might affect the Group in a business-as-usual scenario. The results of the going-concern scenario are shown in the following table. It illustrates excess liquidity and the ratio of expected cash inflows plus counterbalancing capacity to cash outflows (liquidity ratio) for selected maturities on a cumulative basis. Based on assumptions employing expert opinions, statistical analyses and country specifics, this calculation also incorporates estimates of the stability of 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	30/9/2022		31/12/2021	
Maturity	1 month	1 year	1 month	1 year
Liquidity gap	42,402	45,574	37,048	44,996
Liquidity ratio	165%	134%	172%	142%

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	30/9/2022	31/12/2021
Average liquid assets	42,897	39,282
Net outflows	22,649	25,664
Inflows	24,449	15,525
Outflows	47,098	41,189
Liquidity Coverage Ratio in per cent	**189%**	**153%**

The increased average liquid assets were based on the increase in the head office's cash balances at central banks. The increase in central bank money within the Group resulted in increased inflows. Outflows also increased due to higher deposits.

Net Stable Funding Ratio (NSFR)

The NSFR is defined as the ratio of available stable funding to required stable funding. 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. The required stable funding and available stable funding are based on regulatory provisions. The regulatory NSFR limit is 100 per cent.

in € million	30/9/2022	31/12/2021
Required stable funding	124,713	119,079
Available stable funding	166,780	159,006
Net Stable Funding Ratio in per cent	**134%**	**134%**

The increase in required stable funding was primarily attributable to an increase in loans. The increase in available stable funding was based on increased customer deposits (retail and corporate customers), albeit to a lesser extent, with the result that the NSFR remained stable compared to the previous year.

Other disclosures

(47) Pending legal issues

Details regarding various court, administrative or arbitration proceedings in which RBI is involved can be seen in the Annual Report 2021, pages 202 ff.

Consumer protection

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 anymore. 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. The issue of CHF-indexed loans which were converted under the Croatian Conversion Act into EUR-indexed loans was pending before the European Court of Justice (ECJ) for preliminary ruling. In May 2022 ECJ published a preliminary ruling but like the Croatian Supreme Court in the sample dispute, ECJ did not answer whether consumers of converted loans are entitled to any additional compensation (besides the positive effects of the conversion performed under provisions of the Consumers credit Act 2015). Therefore, the issue whether consumers are entitled to additional compensation (notwithstanding conversion) remains for domestic courts to judge, primarily for the Croatian Supreme Court. 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/conversion performed, 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 € 57 million (previous year: € 56 million).

Poland

There are no new findings in connection with consumer mortgage loans in Poland, a decision of the Supreme Court is still pending. As at the end of September 2022, the total amount in dispute regarding certain contractual stipulations connected with consumer mortgage loans denominated in foreign currencies or indexed to a foreign currency was approximately PLN 2,909 million (€ 600 million). The resulting provision based on a statistical approach was increased to € 554 million (previous year: € 364 million). The main uncertainties to calculate the provisions stem from a potentially higher number of lawsuits and an increase of likelihood of losing court cases. A negative legal decision for the bank can lead to a significant increase in the provision.

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 expressly provide any direct monetary restitution or payment from Raiffeisen Bank S.A., Bucharest. RBI's Romanian network bank Raiffeisen Bank S.A., Bucharest, disputed this order in court but finally lost. In September 2022, the decision was rendered in writing but given current uncertainties as to its interpretation the exact negative financial impact is still to be determined. In this connection, a provision of € 18 million (previous year: € 27 million) has been recognized. In accordance with an external legal opinion, the bank shall have to issue new repayment schedules and repay certain amounts to affected customers. However, details relating to the additional payment of interest to such customers are not yet clear. Based on the external legal opinion, the most likely estimation of is € 18 million. Based on a worst-case scenario, such impact may increase up to € 67 million.

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

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 (€ 132 million) in material damages and USD 200 million (€ 205 million) in immaterial damages. The claim was served upon RBI in May 2022. In the first court hearing in front of the South Jakarta District Court held on 27 September 2022, the parties were ordered to engage in a mandatory court-annexed mediation starting from 4 October 2022.

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 (€ 42 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 2022, RBI was informed by BGZ BNP Paribas S.A. that the plaintiff's claim was dismissed in the court of first instance (but may still be open to appeal).

In February 2020, Raiffeisen-Leasing GmbH (RL) was served with a lawsuit in Austria for an amount of approximately € 43 million. The plaintiff claimed damages alleging that RL breached its obligations under a real estate development agreement. In its judgement of 29 April 2022, the commercial court (Handelsgericht) of Vienna dismissed the lawsuit and ordered the plaintiff to pay costs. The plaintiff did not file an appeal against the judgement. The judgement is therefore final and non-appealable.

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 related to the same claim as the pending legal action. The claim asserted against RIM and the potential risk therefore remained unchanged. It was expected that the proceedings at Milan Regional Court would be adjourned until the decision in the appeal proceedings. In its judgement of 13 April 2022, the Supreme Court of Cassation in Rome rendered a final judgment that the claim is subject to arbitration and, therefore, not subject to jurisdiction by the Italian ordinary courts. It annulled the judgement of the Regional Court Brescia and found that the Court of Arbitration of the Bolzano Chamber of Commerce had exclusive jurisdiction in this matter. The judgment is final and non-appealable. The proceedings at the Regional Court Milan were cancelled. The Italian company did not file the arbitration claim at the Court of Arbitration Bolzano within the statutory period for the resumption of the court proceedings. The court proceedings are therefore formally terminated. However, an arbitration claim at the Court of Arbitration Bolzano is still possible as the Supreme Court of Cassation did not decide about the claim itself.

Regulatory enforcement

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. At the end of June 2022, RBL took advantage of a legal provision allowing entities to pay debts towards the state (principal - respectively the state premiums) and be exonerated from payment of accessories (penalty interest). RBL has paid the principal of € 23 million and requested to be exonerated to pay accessories of € 30 million. In July 2022, the Ministry of Development, Public Works and Administration rejected RBL's request for exoneration. RBL will dispute this decision.

In September 2018, two administrative fines totaling PLN 55 million (€ 11 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 February 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 considered RBI's appeal and overturned the KNF's decision in its entirety. However, the KNF filed an appeal in cassation against the judgement. In relation to the PLN 50 million (€ 10 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 raised appeal in cassation to the Supreme Administrative Court because it takes the view that RBPL has duly complied with all its duties.

In this context, several individual lawsuits and four class actions, aggregating claims of holders of certificates in the abovementioned investment funds currently in liquidation, were filed against RBI, whereby the total amount in dispute as at the end of September 2022 equals approximately PLN 66.4 million (€ 14 million). Additionally, RBI was informed that a modification of a statement of claim had been submitted to the court which could result in an increase of the total amount in dispute by approximately PLN 91 million (€ 19 million). However, such modification has not yet been served upon RBI. The plaintiffs of the class actions demand the confirmation of RBI's responsibility for the alleged improper performance of RBPL (in respect of which RBI is the legal successor) as custodian bank. Such confirmation would secure and facilitate their financial claims in further lawsuits.

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 April 2022, RBI was served with the decision of the Federal Administrative Court. It accepted RBI's appeal, lifted FMA's fining decision and closed the proceeding without a fine for RBI.

In March 2021, a financial penalty of approximately PLN 15 million (€ 1 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. Cassation appeal against this judgement was lodged in August 2021 but was not accepted for examination by the Supreme Court in May 2022. Thus, the judgement is final. The financial penalty had already been paid in full in April 2021.

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 of Vienna. RBSPK had terminated long-lasting building savings contracts (Bausparverträge) in an aggregate amount of approximately € 93 million. The minimum rate of interest on said overnight building savings deposits was between 1 per cent p.a. and 4.5 per cent p.a. BAK claims that 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. RBSPK received the court decision of the court of first instance in August 2021 and the court of second instance in February 2022; both basically stating that the termination of the savings contracts is considered unlawful. RBSK has appealed against the decision of the court of second instance in March 2022.

(48) 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. Moreover, members of the Management Board hold shares in RBI AG. Detailed information regarding this is published on the homepage of Raiffeisen Bank International.

30/9/2022 in € million	Companies with significant influence	Affiliated companies	Investments in associates valued at equity	Other interests
Selected financial assets	**126**	**465**	**1,123**	**782**
Equity instruments	1	212	560	163
Debt securities	34	0	192	15
Loans and advances	92	253	371	604
Selected financial liabilities	**2,465**	**90**	**5,008**	**1,576**
Deposits	2,465	90	5,004	1,576
Debt securities issued	0	0	4	0
Other items	**119**	**19**	**450**	**157**
Loan commitments, financial guarantees and other commitments given	2	19	415	151
Loan commitments, financial guarantees and other commitments received	117	0	35	6
Nominal amount of derivatives	216	0	115	1,208
Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions on non-performing exposures	0	(2)	0	0

31/12/2021 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

1/1-30/9/2022 in € million	Companies with significant influence	Affiliated companies	Investments in associates valued at equity	Other interests
Interest income	9	5	10	17
Interest expenses	(12)	(1)	(18)	(8)
Dividend income	0	9	38	6
Fee and commission income	6	11	18	5
Fee and commission expenses	(2)	0	(14)	(15)
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	(25)	(1)	0

1/1-30/9/2021 in € million	Companies with significant influence	Affiliated companies	Investments in associates valued at equity	Other interests
Interest income	9	2	8	4
Interest expenses	(12)	0	(16)	0
Dividend income	0	12	137	3
Fee and commission income	6	5	10	4
Fee and commission expenses	0	0	(8)	(12)
Increase/decrease in impairment, fair value changes due to credit risk and provisions for non-performing exposures	0	0	1	0

(49) Staff

Full-time equivalents	1/1-30/9/2022	1/1-30/9/2021
Average number of staff	44,274	45,873
hereof salaried employees	43,729	45,244
hereof wage earners	545	629
Full-time equivalents	**30/9/2022**	**30/9/2021**
Employees as at reporting date	44,024	45,825
hereof Austria	4,587	4,434
hereof foreign	39,437	41,391

Regulatory information

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

RBI is subject to the minimum requirements in accordance with Article 92 CRR and the combined capital buffer requirement in accordance with the provisions of the BWG. For RBI, the combined capital buffer requirement currently includes a capital conservation buffer (§ 22 BWG), a systemic risk buffer (§ 23e BWG), a capital buffer for systemically important institutions (§ 23d BWG) and a countercyclical capital buffer (§ 23a BWG). A violation of the combined capital buffer requirement would potentially lead to restrictions on, for example, dividend distributions and coupon payments for certain capital instruments.

In addition, based on the Supervisory Review and Evaluation Process (SREP) carried out annually, ECB currently requires RBI to hold additional capital to cover those risks that are not or not adequately covered under Pillar 1. The so-called Pillar 2 Capital Requirement (P2R) of 2.2 per cent is calculated based on the bank's business model, risk management or individual capital situation, for example. Based on ECB's final decision, this requirement must be complied with only at the consolidated level of RBI. In addition, the ECB expects the Pillar 2 Guidance (P2G) of 1.25 per cent to also be adhered to at the consolidated level.

In principle, national supervisors can implement the systemic risk buffer (up to 3 per cent), the capital buffer for systemically important institutions (up to 3 per cent) and the countercyclical capital buffer (up to 2.5 per cent). The Financial Market Stability Board (FMSB), which is responsible in Austria, has recommended that the Austrian Financial Market Authority (FMA) prescribes a systemic risk buffer (SRB) for certain banks, including RBI. A capital buffer was also recommended for certain systemically important banks (O-SII), including RBI. Both buffers were put into force by the FMA via the Capital Buffer Regulation (Kapitalpuffer-Verordnung). The SRB and O-SII were set at 1 per cent each for RBI.

The determination of the countercyclical capital buffer is also the responsibility of national supervisors and results in a weighted average at RBI level based on the country distribution of the business. This buffer was set at 0 per cent in Austria. At its 33rd meeting on 12 September 2022, the FMSB recommended that the countercyclical capital buffer be maintained at 0 per cent. In addition, those buffer rates set in other member states are included at RBI level and are included in the capital requirements based on a weighted average calculation.

In total, there is a requirement for the CET1 ratio (including the combined capital buffer requirement) of 10.51 per cent for RBI as at 30 September 2022 and considering P2G, this means a quota of 11.76 per cent to be adhered to.

The capital requirements applicable throughout the year were continuously complied with on an individual basis (RBI AG). Based on the regulatory capital ratios as at 31 May 2022, there was a temporary shortfall of the combined capital buffer requirement at the consolidated level of RBI. This was triggered by the immediate credit-induced inorganic effects on the RWA side (triggered by the war in Ukraine) and the profit for the current financial year that has not yet been considered. As of 30 June 2022, the combined capital buffer requirement was again fully met.

Any expected regulatory changes or developments are continuously monitored, presented and analyzed in scenario calculations. Potential effects are considered in planning and control, provided that the extent and implementation are foreseeable.

Total capital

The following consolidated figures have been calculated in accordance with the provisions of the Capital Requirements Regulation (CRR) and other statutory provisions such as the Implementing Technical Standards (ITS) of the European Banking Authority (EBA).

in € million	30/9/2022	31/12/2021
Capital instruments and the related share premium accounts	5,994	5,994
Retained earnings	10,435	8,835
Accumulated other comprehensive income (and other reserves)	(2,557)	(3,673)
Minority interests (amount allowed in consolidated CET1)	572	524
Independently reviewed interim profits net of any foreseeable charge or dividend	2,293	933
Common equity tier 1 (CET1) capital before regulatory adjustments	**16,736**	**12,613**
Additional value adjustments (negative amount)	(110)	(81)
Deductions for new net provisioning	0	0
Intangible assets (net of related tax liability) (negative amount)	(677)	(674)
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)	(13)	(39)
Fair value reserves related to gains or losses on cash flow hedges	79	24
Negative amounts resulting from the calculation of expected loss amounts	0	0
Gains or losses on liabilities valued at fair value resulting from changes in own credit standing	(33)	55
Direct and indirect holdings by an institution of own CET1 instruments (negative amount)	(20)	(20)
Exposure amount of the following items which qualify for a risk weight of 1250%, where the institution opts for the deduction alternative	(40)	(45)
hereof: securitization positions (negative amount)	(40)	(45)
Other regulatory adjustments	(33)	(22)
Total regulatory adjustments to common equity tier 1 (CET1)	**(848)**	**(801)**
Common equity tier 1 (CET1) capital	**15,888**	**11,812**
Capital instruments and the related share premium accounts	1,670	1,669
Amount of qualifying items referred to in Article 484 (4) and the related share premium accounts subject to phase out from AT1	0	0
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	36	28
Total regulatory adjustments to Additional Tier 1 (AT1) capital	**(33)**	**(50)**
Additional tier 1 (AT1) capital	**1,673**	**1,647**
Tier 1 capital (T1 = CET1 + AT1)	**17,561**	**13,460**
Capital instruments and the related share premium accounts	2,384	2,085
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	52	31
Credit risk adjustments	0	286
Total regulatory adjustments to Tier 2 (T2) capital	**(30)**	**(55)**
Tier 2 (T2) capital	**2,406**	**2,347**
Total capital (TC = T1 + T2)	**19,967**	**15,807**
Total risk-weighted assets (RWA)[1]	**108,496**	**89,928**

1 As part of the regulatory reporting process, the total risk amount was adjusted as at 31 December 2021.

Total capital requirement and risk-weighted assets

in € million	30/9/2022		31/12/2021[1]	
	Risk-weighted exposure	Capital requirement	Risk-weighted exposure	Capital requirement
Total risk-weighted assets (RWA)	**108,496**	**8,680**	**89,928**	**7,194**
Risk-weighted exposure amounts for credit, counterparty credit and dilution risks and free deliveries	**84,940**	**6,795**	**74,031**	**5,922**
Standardized approach (SA)	**31,275**	**2,502**	**26,308**	**2,105**
Exposure classes excluding securitization positions	31,275	2,502	26,308	2,105
Central governments or central banks	2,478	198	1,113	89
Regional governments or local authorities	115	9	102	8
Public sector entities	18	1	19	1
Institutions	367	29	259	21
Corporates	8,363	669	6,680	534
Retail	7,087	567	5,955	476
Secured by mortgages on immovable property	6,645	532	6,886	551
Exposure in default	950	76	296	24
Items associated with particular high risk	250	20	264	21
Covered bonds	6	0	6	0
Collective investments undertakings (CIU)	94	8	79	6
Equity	1,602	128	1,883	151
Other items	3,301	264	2,768	221
Internal ratings based approach (IRB)	**53,666**	**4,293**	**47,723**	**3,818**
IRB approaches when neither own estimates of LGD nor conversion factors are used	**45,391**	**3,631**	**39,076**	**3,126**
Central governments or central banks	3,561	285	2,753	220
Institutions	2,998	240	1,724	138
Corporates - SME	3,825	306	4,098	328
Corporates - Specialized lending	3,883	311	3,407	273
Corporates - Other	31,124	2,490	27,094	2,168
IRB approaches when own estimates of LGD and/or conversion factors are used	**7,582**	**607**	**7,903**	**632**
Retail - Secured by real estate SME	69	6	233	19
Retail - Secured by real estate non-SME	3,417	273	3,368	269
Retail - Qualifying revolving	409	33	299	24
Retail - Other SME	347	28	430	34
Retail - Other non-SME	3,340	267	3,574	286
Equity	433	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	259	21	304	24

1 As part of the regulatory reporting process, the total risk amount was adjusted as at 31 December 2021.

in € million	30/9/2022		31/12/2021	
	Risk-weighted exposure	Capital requirement	Risk-weighted exposure	Capital requirement
Total risk exposure amount for settlement/delivery	**86**	**7**	**6**	**1**
Settlement/delivery risk in the non-trading book	0	0	0	0
Settlement/delivery risk in the trading book	86	7	6	1
Total risk exposure amount for position, foreign exchange and commodities risk	**7,357**	**589**	**4,952**	**396**
Risk exposure amount for position, foreign exchange and commodities risks under standardized approaches (SA)	**5,434**	**435**	**2,383**	**191**
Traded debt instruments	1,578	126	1,846	148
Equity	87	7	221	18
Particular approach for position risk in CIUs	1	0	1	0
Foreign exchange	3,760	301	311	25
Commodities	8	1	5	0
Risk exposure amount for position, foreign exchange and commodities risks under internal models (IM)	**1,923**	**154**	**2,569**	**206**
Total risk exposure amount for operational risk	**14,205**	**1,136**	**9,415**	**753**
OpR standardized (STA) /alternative standardized (ASA) approaches	3,714	297	3,737	299
OpR advanced measurement approaches (AMA)	10,491	839	5,678	454
Total risk exposure amount for credit valuation adjustments	**436**	**35**	**256**	**21**
Standardized method	436	35	256	21
Other risk exposure amounts	**1,470**	**118**	**1,268**	**101**
of which risk-weighted exposure amounts for credit risk: securitization positions (revised securitization framework)	1,470	118	1,268	101

Regulatory capital ratios

in per cent	30/9/2022	31/12/2021
Common equity tier 1 ratio (transitional)	14.6%	13.1%
Common equity tier 1 ratio (fully loaded)	14.4%	13.1%
Tier 1 ratio (transitional)	16.2%	15.0%
Tier 1 ratio (fully loaded)	15.9%	15.0%
Total capital ratio (transitional)	18.4%	17.6%
Total capital ratio (fully loaded)	18.1%	17.6%

Leverage ratio

The calculation of the leverage ratio is defined in Part 7 of the CRR. According to Article 92 of the CRR, there is an obligatory requirement of 3 per cent as at 30 September 2022:

in € million	30/9/2022	31/12/2021
Leverage exposure	243,880	219,173
Tier 1	17,561	13,460
Leverage ratio in per cent (transitional)	**7.2%**	**6.1%**
Leverage ratio in per cent (fully loaded)	**7.1%**	**6.1%**

Events after the reporting date

There were no significant events after the reporting date.

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.

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)
ESG	Environmental, Social and Governance
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
ILAAP	Internal Liquidity Adequacy Assessment Process
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
P2G	Pillar 2 Capital Guidance
P2R	Pillar 2 Capital Requirement
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
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

Publication details

Publisher, media owner

Raiffeisen Bank International AG
Am Stadtpark 9
1030 Vienna
Austria
Phone: +43-1-71 707-0
www.rbinternational.com

Editorial team: Group Investor Relations
Editorial deadline: 2 November 2022
Production: Firesys financial reporting system

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

The forecasts, plans and forward-looking statements contained in this report are based on the state of knowledge and assessments of Raiffeisen Bank International AG at the time of its preparation. Like all statements about the future, they are subject to known and unknown risks, as well as uncertainties that could cause actual results to differ materially from those expressed or implied by such statements. No guarantee can be provided for the accuracy of forecasts, target values or forwardlooking statements.

This report has been prepared and the data checked with the greatest possible care. Nonetheless, rounding, transmission, type-setting and printing errors cannot be ruled out. In the summing up of rounded amounts and percentages, rounding-off differences may occur. This report was prepared in German.

The report in English is a translation of the original German report. The only authentic version is the German version.

Raiffeisen Bank International
Member of RBI Group

www.rbinternational.com