Third Quarter Report 2023

Overview

Raiffeisen Bank International (RBI)			
Monetary values in € million	**2023**	**2022**	**Change**
Income statement	**1/1-30/9**	**1/1-30/9**	
Net interest income	4,190	3,591	16.7 %
Net fee and commission income	2,364	2,682	(11.8)%
General administrative expenses	(2,874)	(2,574)	11.6 %
Operating result	4,030	4,275	(5.7)%
Impairment losses on financial assets	(251)	(721)	(65.2)%
Profit/loss before tax	2,931	3,044	(3.7)%
Profit/loss after tax	2,274	2,907	(21.8)%
Consolidated profit/loss	2,114	2,801	(24.5)%
Statement of financial position	**30/9**	**31/12**	
Loans to banks	15,716	15,716	– %
Loans to customers	101,931	103,230	(1.3)%
Deposits from banks	29,298	33,641	(12.9)%
Deposits from customers	121,233	125,099	(3.1)%
Equity	19,851	18,764	5.8 %
Total assets	204,175	207,057	(1.4)%
Key figures	**1/1-30/9**	**1/1-30/9**	
Return on equity before tax	21.4 %	25.7 %	(4.3) PP
Return on equity after tax	16.6 %	24.5 %	(7.9) PP
Consolidated return on equity	17.4 %	27.6 %	(10.1) PP
Cost/income ratio	41.6 %	37.6 %	4.0 PP
Return on assets before tax	1.87 %	1.97 %	(0.10) PP
Net interest margin (average interest-bearing assets)	2.81 %	2.49 %	0.32 PP
Provisioning ratio (average loans to customers)	0.25 %	0.71 %	(0.46) PP
Bank-specific information	**30/9**	**31/12**	
NPE ratio	1.5 %	1.6 %	(0.1) PP
NPE coverage ratio	58.9 %	59.0 %	(0.1) PP
Total risk-weighted assets (RWA)	97,278	97,680	(0.4)%
Common equity tier 1 ratio[1]	16.5 %	16.0 %	0.5 PP
Tier 1 ratio[1]	18.3 %	17.7 %	0.5 PP
Total capital ratio[1]	20.7 %	20.2 %	0.5 PP
Stock data	**1/1-30/9**	**1/1-30/9**	
Earnings per share in €	6.19	8.31	(25.6)%
Closing price in € (30/9)	13.81	12.21	13.1 %
High (closing prices) in €	14.94	28.42	(47.4)%
Low (closing prices) in €	12.73	10.00	27.3 %
Number of shares in million (30/9)	328.94	328.94	0.0 %
Market capitalization in € million (30/9)	4,543	4,016	13.1 %
Resources	**30/9**	**31/12**	
Employees as at reporting date (full-time equivalents)	44,810	44,414	0.9 %
Business outlets	1,545	1,664	(7.2)%
Customers in million	17.8	17.6	1.6 %

1 Transitional – including profit

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 based on not rounded amounts. The ratios referenced in this report are defined in the consolidated financial statements under key figures.

Content

RBI in the capital markets

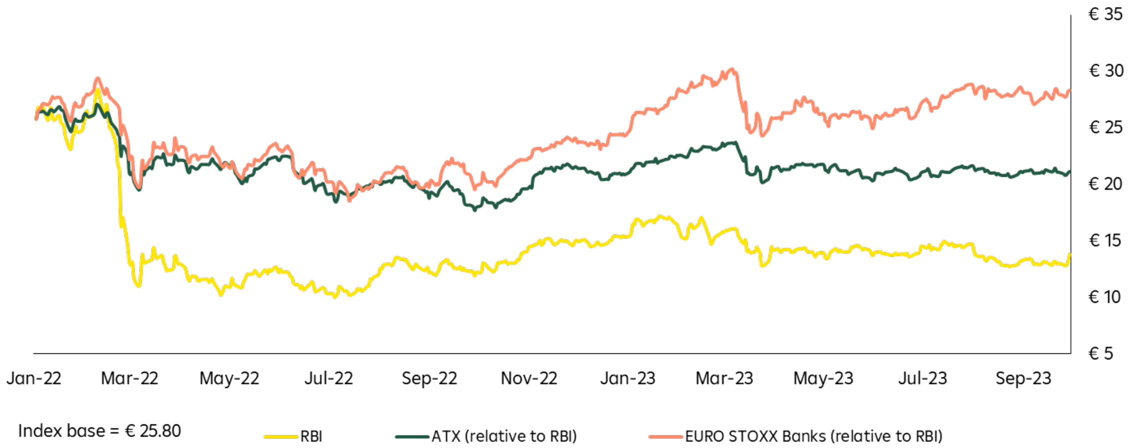
Performance of RBI stock

After an initially positive start to the third quarter, most of the European stock markets lost value towards the end of the quarter – some of them significantly – and predominantly closed down for the quarter. Inflation rates continued to fall in Europe but actually increased slightly again in the US. Since absolute price increases are still well above their target corridor, the ECB raised key interest rates by 25 basis points twice in the third quarter to reach 4.5 per cent. After raising rates by 25 basis points to 5.5 per cent in July, the US Federal Reserve refrained from further rate hikes. However, it left open the possibility of tightening monetary policy further this year to combat inflation. Europe's economic outlook for the current year either remained subdued or – in countries such as Germany – deteriorated further. The outlook for 2024 also remains subdued. A recent decline in leading indicators in the US also signaled a cooling economy. This combination of persistently high interest rates, which many market participants had initially hoped would fall in the coming year, and a lackluster economy were thus the main reasons for the price losses in the stock markets. At the beginning of October, the terrorist attack on Israel and the associated concern about a further warlike escalation in the Middle East caused further declines in most stock indices.

The central banks' rate hikes and diminished hopes for a turnaround in the near future caused the European and US bond markets to weaken again toward the end of the quarter. The euro also followed this trend and weakened against the US dollar to EUR/USD 1.05 at the end of the quarter, after having traded well above the EUR/USD 1.10 mark.

The RBI share was trading at € 14.52 at the start of the third quarter of 2023. At the end of the quarter, it was trading at € 13.81, having lost 4.9 per cent. Despite the very good financial results in the first half of the year, the still-unresolved situation regarding RBI's Russian business weighed on share price performance. Both the Austrian Traded Index (ATX) and the European banking index (Euro Stoxx Banks) rose slightly in the third quarter, increasing 0.4 and 4.2 per cent, respectively.

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



Capital market communication

On 1 August 2023, RBI published the financial results of the first half of the 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 370 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. Investor Relations managers and other RBI representatives participated in roadshows and conferences in Copenhagen, Frankfurt, London, Munich and Paris 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 discussions held with investors and analysts in the third quarter continued to focus on 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 18 equity analysts and 22 debt analysts (as at 30 September 2023) regularly provide investment recommendations on RBI.

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

Annual General Meeting

On 27 October 2023, RBI convened an extraordinary general meeting for 21 November 2023. The first item on the agenda is to decide on the distribution of a dividend of EUR 0.80 per share. Due to the ongoing war in Ukraine, the sanctions imposed in this context and the associated effects, the economic environment and the business activities of the RBI Group continued to be subject to considerable volatility and uncertainty at the time of the Annual General Meeting. As already announced at the Annual General Meeting, the Management Board has reviewed the development of the capital ratios, regulatory requirements and ongoing strategic considerations and positively assessed the possibility o a dividend payment. Another key item on the agenda is the election of Manfred Wilhelmer to the Supervisory Board of RBI to succeed Peter Gauper, who resigned his mandate with effect from 14 June 2023.

New issues

RBI issued its first senior non-preferred benchmark bond for € 500 million in September. The spread was 275 basis points above the mid-swap rate. More than 100 investors participated in the transaction, most of them from German-speaking markets, Italy, France and the Benelux countries. The issue has a maturity of five years and supports RBI's credit rating.

EBA stress test

The European Banking Authority (EBA) published the results of the latest EU-wide stress test, which included RBI, at the end of July. According to the results, RBI's capital depletion is below the average for all the participating banks. It is shown over a three-year horizon, based on the reported CET1 ratio of 16.02 per cent at the end of 2022. The result includes RBI's Russian subsidiaries. The projections are based on the methodology and macroeconomic scenarios of the 2023 EU-wide stress test. RBI also conducted a similar stress test for the Group without Russia. Capital depletion is largely unchanged under these assumptions, confirming RBI's resilience with and without the Russian subsidiaries.

This reaffirmed the strength of RBI's balance sheet and the resilience of its business model. The results also confirm that RBI is equally resilient without the Russian business.

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. RBI continues to be rated by Moody's Investors Service and Standard & Poor's. The rating assigned by Moody's was last adjusted in the third quarter of 2023 and the rating for the public-sector covered bonds was raised by one notch from Aa2 to Aa1. The other ratings remained unchanged. Standard & Poor's reaffirmed its rating for RBI at the end of May 2023, citing RBI's solid capital base on its own and as part of the Raiffeisen Banking Group, and, in its assessment, emphasized RBI's good business performance and improved risk resilience despite the war in Ukraine. Only the rating of the regulatory AT1 instruments was lowered one notch to BB.

Rating	Moody's Investors Service	Standard & Poor's
Long-term rating	A1	A-
Outlook	stable	negative
Short-term rating	P-1	A-2
Junior Senior Unsecured	Baa2	–
Subordinated (Tier 2)	Baa2	BBB
Additional Tier 1	Ba2(hyb)	BB
Public-sector covered bonds	Aa1	–
Mortgage covered bonds	Aa1	–

Shareholder structure

The regional Raiffeisen banks' holding was at approximately 60.6 per cent of RBI's shares, with the remaining 39.4 per cent in free float (as at 31 October 2023). 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 2023	€ 13.81
Share price high/low (closing) in the third quarter 2023	€ 14.94/€ 12.73
Earnings per share from 1 January to 30 September 2023	€ 6.19
Book value per share as at 30 September 2023	€ 51.66
Market capitalization as at 30 September 2023	€ 4,543 million
Average daily trading volume (single count) in the third quarter 2023	281,607 shares
Free float as at 30 September 2023	approximately 39.4%
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 2023	328,939,621

Financial calendar 2023 / 2024

11 November 2023	Record Date Extraordinary Annual General Meeting
21 November 2023	Extraordinary Annual General Meeting
24 November 2023	Ex-Dividend Date
27 November 2023	Record Date Dividend
28 November 2023	Dividend Payment Date
24 January 2024	Start of Quiet Period
31 January 2024	Preliminary Results 2023, Conference Call
22 February 2024	Annual Financial Report 2023
25 March 2024	Record Date Annual General Meeting
4 April 2024	Annual General Meeting
9 April 2024	Ex-Dividend Date
10 April 2024	Record Date Dividend
11 April 2024	Dividend Payment Date
24 April 2024	Start of Quiet Period
2 May 2024	First Quarter Report, Conference Call
23 July 2024	Start of Quiet Period
30 July 2024	Semi-Annual Report, Conference Call
23 October 2024	Start of Quiet Period
30 October 2024	Third Quarter Report, Conference Call

Interim group management report

Market development

The recession expected in many European countries in the 2022/23 winter half-year has largely been avoided; however, the economic recovery hoped for in 2023 has also failed to materialize. Instead, the economic situation was dominated by an environment of stagnating economic output in the first six months of the year. This is unlikely to change much in the second half of the year. Indeed, the risks of a moderate recession are greater than the chance of an upturn in the short term. An upward trend, albeit just a moderate one, is not expected again until 2024. Monthly inflation peaked in late autumn and at the end of 2022 in many cases but should remain well above pre-pandemic levels on average over 2023. This has created a stagflationary environment, particularly for Western European countries. A quick end to the war in Ukraine currently seems improbable. However, absent a further substantial military escalation, the war seems unlikely to have any additional negative implications for the economy in the euro area or the CE/SEE countries. The possibility of (global) monetary tightening overshooting its target poses downside risks to the economy. Another potential source of risk is that individual sectors of the financial system are struggling to cope with higher interest rates that will be in place for an extended period of time. The Hamas attack on Israel and its implications created an additional risk factor at the beginning of October. There are downside risks to economic development and, in particular, upside risks to inflation, which would come to bear in the event of a military escalation of the situation in the Middle East.

The **euro area** economy stagnated in the first half of 2023. Leading indicators for the real economy signal, at best, a similar development for the second half of the year. Therefore a greater risk of recession than a chance for an upturn in the near future is seen. In 2024 a weak economic recovery is seen. Inflation has decreased since the start of the year, primarily as a result of energy goods. Subsequently service inflation is expected to remain stubbornly elevated. Inflation will soften in upcoming quarters but remain well above the ECB target for a very long time.

The **European Central Bank (ECB)** has raised the key lending rate by 4.5 percentage points through multiple hikes since July 2022. In its last monetary statement, the ECB indicated that the key lending rate had reached a sufficiently restrictive level to make a significant contribution to reducing inflation. The key lending rate has thus likely plateaued, assuming no other inflationary shocks occur. The focus of market participants has now shifted from the level of the key lending rate to the timing of the first rate cut. The central bank's current approach has been described as "high for longer" since initial rate cuts probably will not be in the cards for some time. At the same time, the ECB's balance sheet continues to shrink. Most of the (targeted) longer-term refinancing operations have already expired. The ECB's bond portfolio, in contrast, has been shrinking rather slowly, as only maturing bonds are no longer reinvested and solely part of the portfolio is affected.

The **Austrian economy** has been operating in an environment of high inflation and minimal growth since mid-2022 and, given weak leading indicators, will likely continue to do so at least in the second half of 2023. A recession is a distinct possibility in the second half of the year. The economy is not expected to rebound until around the beginning of 2024; however, the rebound will probably only be moderate. Private consumption will likely be a key driver since real wages have started to rise again. GDP is forecast to merely stagnate for all of 2023 (up 0.1 per cent p.a.), although this forecast is subject to downside risks. The Austrian economy will thus likely grow more slowly than the overall euro area, although this can be viewed against a backdrop of higher inflation. Growth will finally edge back into positive territory in 2024 (up 0.6 per cent p.a.). However, the gap between actual growth and the pre-COVID growth trajectory will be considerable at the end of 2024 (about 3 per cent) after having been essentially closed at the start of 2022.

In **Central Europe (CE)**, the economy is slowly recovering from the economic slump. Ongoing disinflation, solid investment (supported by EU funding in the Czech Republic and Slovakia) and the improvement of foreign trade will, along with resurgent consumer demand, probably offset the weakness from the start of the year. These factors, combined with looser monetary policies that have already been adopted in Hungary and Poland and will soon follow in the Czech Republic, will likely push growth closer to the long-term potential growth rate in 2024. It is true that restricted access to EU funds (no release of NGEU) has in itself affected the growth prospects for Hungary and Poland. Nevertheless, some recent positive developments (e.g. election results in Poland) have improved the outlook for 2024 in both cases.

Southeastern Europe (SEE) has been navigating the current economic slump fairly well. Since SEE EU countries benefit the most from NGEU and other EU funds, investment is likely to remain high for the foreseeable future. Croatia and Albania in particular benefited from the extraordinarily vibrant tourism season. Remittances showed strong momentum as well, supporting GDP growth in countries with large diasporas. Together with high wage growth, robust labor markets and consumption, SEE countries were on track to outperform the CE region and the eurozone, achieving a projected GDP growth of 2.1 per cent in 2023. The difference will lessen in 2024 as the recovery accelerates in Central and Eastern Europe, while

Southeastern Europe is slated to achieve an average GDP growth rate of 3.2 per cent. Romania is a positive outlier that benefits from NGEU funds, robust consumption supported by government programs as well as solid wage growth.

As the war in **Ukraine** continues, the economic damage to the country increases, as do the costs of future reconstruction. Nevertheless, 2023 got off to a better start than expected since the economy adapted well to wartime conditions thanks to the government's decisive policies, supportive household consumption, the recovery in industry and trade, and substantial foreign aid. As a result, the ongoing economic upswing gained momentum, with real GDP forecast to increase 5.0 per cent in 2023. By contrast, GDP growth in 2024 is expected to be lower than previously assumed, at an anticipated 5.4 per cent.

The **Russian economy** is proving more resilient to the sanctions and self-inflicted isolation in foreign trade than originally assumed. Private consumption and public spending have recently been key pillars of economic activity. All in all, despite the sanctions, mobilization, hostile investment environment and economic isolation, the Russian economy is likely to record positive GDP growth in 2023 (forecast: 2.5 per cent). However, its monetary policy has tightened in response to increasing inflationary pressure, some of which was prompted by the depreciation of the Russian ruble. Belarus is in a similarly isolated position and is reaching out to trade partners outside Europe. A slight economic recovery was supported by government incentives to promote technological modernization in industry, the expansion of industrial production, resurgent domestic demand and falling inflation. However, the increase in imports slowed the recovery.

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

Region/country	2022	2023e	2024f	2025f
Czech Republic	2.4	0.0	2.1	3.0
Hungary	4.6	0.0	3.0	4.0
Poland	5.1	0.5	2.7	3.5
Slovakia	1.7	1.3	1.5	2.1
Central Europe	**4.0**	**0.4**	**2.5**	**3.3**
Albania	4.9	4.1	4.3	3.7
Bosnia and Herzegovina	4.0	1.8	3.0	3.5
Croatia	6.3	2.1	2.5	2.6
Kosovo	5.2	3.7	4.0	3.9
Romania	4.7	2.0	3.3	4.0
Serbia	2.4	1.9	3.0	4.0
Southeastern Europe	**4.6**	**2.1**	**3.2**	**3.8**
Belarus	(4.7)	1.5	2.0	2.0
Russia	(2.1)	2.5	1.5	0.9
Ukraine	(29.1)	5.0	5.4	6.5
Eastern Europe	**(4.7)**	**2.6**	**1.8**	**1.4**
Austria	**4.8**	**0.1**	**0.6**	**1.4**
Euro area	**3.4**	**0.5**	**0.8**	**1.5**

Source: Raiffeisen Research, as of end of October 2023, (e: estimate, f: forecast); subsequent revisions are possible for years already completed

Significant events in the reporting period

Business activity in Russia

Since the outbreak of the war in Ukraine, RBI has worked intensively in the interest of all stakeholders to assess all options for the future of Raiffeisenbank in Russia – up to and including an exit from Raiffeisenbank in Russia. RBI and its stakeholders are in an unprecedented situation, and recognize the urgency for action.

RBI will continue to progress potential transactions which would result in the sale or spin-off of Raiffeisenbank Russia and deconsolidation of Raiffeisenbank Russia from RBI, in full compliance with local and international laws and regulation and in consultation with the relevant competent authorities. Meanwhile, business activity in Russia will be further reduced.

However, Raiffeisenbank Russia will continue to support its customers, including those impacted by the reduction in business activity in Russia, and fulfill the conditions for maintaining its banking license. RBI has a duty of care to employees in all markets where it operates. RBI has a responsibility to also preserve the integrity of its local operations in Russia, employing nearly 10,000 people.

The market conditions for businesses in Russia are highly complex. The local and international laws and regulations governing the sale of businesses in Russia are subject to constant change. RBI will continue to progress potential transactions which would result in the sale or spin-off of Raiffeisenbank Russia and deconsolidation of Raiffeisenbank Russia from RBI using four principles: the group-wide governance and compliance, the financial and non-financial value for RBI, the management of spill-over effects to the entire network, and the ability to execute any process in an orderly manner.

Earnings and financial performance

At € 2,114 million, consolidated profit was € 234 million down on the previous year's figure (excluding the proceeds from the disposals of the Bulgarian group units realized in the previous-year period of € 453 million). The devaluations of the average exchange rates of the Russian ruble by 21 per cent and of the Ukrainian hryvnia by 20 per cent had a negative effect on consolidated profit.

Core revenues (net interest income and fee and commission income) were up € 281 million, or 4 per cent, to € 6,554 million. Net interest income increased € 599 million to € 4,190 million, above all as a result of higher interest rates in numerous countries of the group. The net interest margin reached 2.81 per cent in the reporting period versus 2.49 per cent in the comparable period. The decline of € 318 million in net fee and commission income was attributable to Russia (down € 333 million), in particular as a result of the currency devaluation and also reduced transactions and margins in foreign currency transactions, whereas very high revenues had been reported here in the previous-year period due to the geopolitical situation. General administrative expenses rose € 299 million year-on-year to € 2,874 million, primarily as a result of increases in Russia and at head office. Risk costs of € 251 million, which were well below the previous-year figure of € 721 million, continued to be dominated by the Eastern Europe region (€ 225 million, with Russia and Ukraine accounting for € 147 million and € 74 million respectively). Expenses for credit-linked, portfolio-based litigation and annulments of loan agreements in Poland increased € 414 million to € 600 million and had a negative impact.

Total assets fell some € 3 billion, or 1.4 per cent, to € 204 billion since the start of the year. Currency effects were responsible for a 2.1 per cent fall. While the Russian ruble and the Belarusian ruble depreciated 33 per cent and 19 per cent respectively, the Hungarian forint and the US dollar appreciated 3 per cent and 1 per cent respectively. On a currency-adjusted basis, customer loan growth overall was flat. Since the start of the Russian war of aggression against Ukraine, loan volumes in Russia have fallen considerably. The decrease since the start of 2023 – driven by the devaluation of the Russian ruble – was € 2.7 billion. The € 3.9 billion decline in deposits from customers was largely due to a reduction in short-term deposits from households and non-financial corporations in Russia. However, an increase of 4 per cent was recorded in local currency.

Comparison of results with the previous-year period

in € million	1/1-30/9/2023	1/1-30/9/2022	Change	
Net interest income	4,190	3,591	599	16.7 %
Dividend income	27	40	(13)	(32.2)%
Current income from investments in associates	71	55	16	28.9 %
Net fee and commission income	2,364	2,682	(318)	(11.8)%
Net trading income and fair value result	205	471	(266)	(56.5)%
Net gains/losses from hedge accounting	(12)	(21)	9	(43.7)%
Sundry operating income	57	30	27	90.5 %
Operating income	**6,904**	**6,849**	**54**	**0.8 %**
Staff expenses	(1,660)	(1,432)	(228)	15.9 %
Other administrative expenses	(871)	(804)	(67)	8.3 %
Depreciation	(343)	(338)	(4)	1.3 %
General administrative expenses	**(2,874)**	**(2,574)**	**(299)**	**11.6 %**
Operating result	**4,030**	**4,275**	**(245)**	**(5.7)%**
Other result	(589)	(225)	(363)	161.1 %
Governmental measures and compulsory contributions	(259)	(285)	26	(9.0)%
Impairment losses on financial assets	(251)	(721)	470	(65.2)%
Profit/loss before tax	**2,931**	**3,044**	**(113)**	**(3.7)%**
Income taxes	(657)	(589)	(68)	11.5 %
Profit/loss after tax from continuing operations	**2,274**	**2,455**	**(180)**	**(7.3)%**
Gains/losses from discontinued operations	0	453	(453)	–
Profit/loss after tax	**2,274**	**2,907**	**(633)**	**(21.8)%**
Profit attributable to non-controlling interests	(161)	(107)	(54)	50.8 %
Consolidated profit/loss	**2,114**	**2,801**	**(687)**	**(24.5)%**

Operating income

The € 599 million increase in net interest income to € 4,190 million was largely driven by interest rates. Due to the liquidity position in the reporting period, rising market interest rates in numerous countries of the group led to a sharper increase in interest income compared to interest expense. The increases amounted to € 143 million in Hungary, € 82 million in Romania, € 64 million each in Slovakia and at head office, € 48 million in Croatia and € 33 million in Albania. In Serbia, net interest income rose € 101 million as a result of the integration of Crédit Agricole Srbija AD and higher interest income from loans for non-financial corporations and households. In Ukraine, higher interest income from government certificates of deposit, from money market transactions and from government bonds led to an increase of € 48 million in net interest income. In contrast, net interest income in Russia fell € 62 million, due to a largely currency-related decline of 52 per cent in loan volume. Net interest income also fell € 34 million in the Czech Republic as increasing interest expenses for customer deposits from households and for newly issued MREL-eligible notes significantly exceeded the increase in interest income from repo business and customer loans.

The group's average interest-bearing assets increased 3 per cent year-on-year. The net interest margin improved 32 basis points to 2.81 per cent, which in addition to Eastern Europe, was attributable to a rise of 208 basis points in Serbia, 162 basis points in Albania and 129 basis points in Hungary.

Net fee and commission income reduced due to the currency devaluations in Eastern Europe and continued to be driven by the geopolitical situation. The result from foreign exchange business was down € 341 million, primarily in spot foreign exchange business in Russia and at head office. In Russia, this was due to decreased volumes caused by the introduction of internal transaction limits as well as lower margins in corporate customer and retail business; at head office, the fall in business was also margin-related. Net income from the loan and guarantee business also fell € 27 million, most notably at head office and in Russia. In contrast, clearing, settlement and payment services recorded growth of € 51 million due to increased transactions primarily at head office. Overall, net fee and commission income fell € 318 million to € 2,364 million. Russia reported the strongest decline, while the other countries of the group remained stable.

Net trading income and fair value result declined € 266 million to € 205 million. The decline was mainly due to the market turmoil in Russia and the increase in the group's own credit spread as a result of the Russian war of aggression against Ukraine in the comparable period of 2022. Large valuation gains were recorded on certificate issues reported at head office and measured at fair value, due to the sharp increase in the credit spread in the previous year. This year, in contrast, these fell around 25 basis points. As a consequence, the risk-related valuation result decreased € 96 million to minus € 35 million. Without this effect, net trading income at head office increased € 8 million to € 83 million, mainly due to increased net trading income relating to interest rate derivatives. In Russia, net trading income fell € 113 million to € 129 million due to currency-related conversion effects amounting to minus € 86 million. On a currency-adjusted basis, the decline was € 27 million and resulted mainly from a reduced volume of customer business with foreign currencies. The Czech Republic reported a € 23 million increase in valuation gains in connection with foreign currency positions. However, this was offset by increased currency-related valuation losses, especially in Hungary, Ukraine and Belarus, of minus € 68 million. Investments in venture capital funds measured at fair value showed valuation gains of € 27 million in the previous year, while losses of € 5 million were recorded in the current year.

General administrative expenses

General administrative expenses were up 12 per cent, or € 299 million year-on year, to € 2,874 million. Staff expenses increased € 228 million to € 1,660 million, above all in Russia (up € 110 million) as a result of higher salaries and social security costs, provisions for one-off payments and an increase in the headcount, notably in IT. At head office, the increase of € 44 million was primarily attributable to higher current salaries and to an increase in the headcount. The main drivers of the increase of € 67 million in other administrative expenses were higher legal, advisory and consulting expenses (up € 30 million) as well as increased communication and IT expenses at head office (up € 5 million). There were further increases in other administrative expenses in Hungary and Poland (up € 17 million). Depreciation and amortization of tangible and intangible fixed assets increased 1 per cent, or € 4 million, to € 343 million. The cost/income ratio increased year-on-year from 37.6 per cent to 41.6 per cent, primarily due to the profit decline in Russia with a simultaneous increase in other administrative expenses.

The number of business outlets fell 154 year-on-year to 1,545. The largest decline resulted from the war in Ukraine (down 67), also in Serbia due to consolidations following the merger (down 32), the Czech Republic (down 25), and Belarus (down 13). The average headcount increased 300 full-time equivalents year-on-year to 44,574, mainly in Russia (up 499), Hungary (up 368) and the Czech Republic (up 245). A decline was in particular recorded in Ukraine (down 1,062) due to the war.

Other result

Other result amounted to minus € 589 million in the reporting period after minus € 225 million in the previous-year period. Expenses for credit-linked and portfolio-based litigation provisions and annulments of loan agreements had a negative effect of € 605 million (previous-year period: € 187 million). These mainly related to mortgage loans in Poland denominated in foreign currencies or linked to a foreign currency. The expense in Poland of € 600 million resulted from an update of input factors in the model calculation (significant increase in expected legal cases and the loss ratio) and from losses on annulments of loan agreements. In contrast, the measurement of shares in associated companies led to a plus of € 22 million in the reporting period, which mainly related to the shares in LEIPNIK-LUNDENBURGER INVEST Beteiligungs AG and Oesterreichische Kontrollbank AG. In the previous-year period, impairment losses of € 16 million were recognized on shares in associates and € 23 million on shares in subsidiaries, in particular in relation to equity participations of head office and of a real estate company.

Impairment losses on financial assets

In the reporting period, impairment losses on financial assets were significantly lower at € 251 million than in the comparable period of € 721 million. Impairment losses in Eastern Europe continued to dominate due to the ongoing Russian war of aggression in Ukraine and the resulting risk factors (geopolitical, sanction and macroeconomic risk). Risk costs in Eastern Europe totaled € 225 million compared to € 569 million in the previous-year period. € 147 million (previous-year period: € 299 million) related to Russia and € 74 million (previous-year period: € 247 million) to Ukraine.

In Stage 1 and Stage 2, impairment losses of € 118 million net were recognized in the reporting period (previous-year period: € 508 million). € 98 million net was allocated for loans to non-financial corporations, € 33 million net for loans to governments and € 12 million net for loans to households. However, there was a net release for other financial corporations of € 19 million. Allocations to Stage 1 and Stage 2 totaled € 92 million in Russia (primarily non-financial corporations), € 46 million in Ukraine (primarily governments and non-financial corporations) and € 11 million in Slovakia (mainly households). Most of the countries in Southeastern Europe reported net releases, above all Croatia (€ 15 million) and Romania (€ 8 million) mainly of impairments for households. For defaulted loans (Stage 3), impairments of € 133 million net were recognized in the reporting period (previous-year period: € 213 million net). € 103 million related to households, mainly in Russia (€ 67 million), Ukraine (€ 29 million) and Slovakia (€ 16 million), and € 38 million to other financial corporations.

The NPE ratio remained virtually unchanged year-on-year at 1.5 per cent. At 58.9 per cent, the NPE coverage ratio was 2.6 percentage points down on the comparable figure for the previous-year period.

Income taxes

Income taxes increased € 68 million to € 657 million. This was mainly due to the significant increase in profit, particularly in the Southeastern Europe segment (up € 55 million). In the Central Europe segment, the increased taxes (up € 19 million) were also related to the increase in profit mainly in Slovakia and to a smaller extent to the introduction of a special tax (windfall tax) in the Czech Republic. In the Eastern Europe segment, income taxes reduced € 9 million. This was due to the lower tax expense of € 88 million from the profit decrease in Russia (€ 438 million), which was partly compensated by the introduction of a special tax (€ 47 million). Additionally, a positive profit development in Ukraine led to an increase of € 36 million. At 22.4 per cent, the effective tax rate was more than 3 percentage points higher than in the comparable period. This was mainly due to non-tax-deductible expenses related to credit-related, portfolio-based litigation provisions and annulments of loan agreements amounting to € 600 million (previous-year period: € 186 million) in Poland, as well as the newly introduced special taxes in Russia and the Czech Republic.

Gains/losses from discontinued operations

In the previous-year period, gains/losses from discontinued operations included the deconsolidation of the Bulgarian Group units.

Comparison of results with the previous quarter

Quarterly results

in € million	Q3/2022	Q4/2022	Q1/2023	Q2/2023	Q3/2023	Change	
Net interest income	1,392	1,462	1,385	1,364	1,441	77	5.7 %
Dividend income	11	24	11	7	10	3	52.5 %
Current income from investments in associates	21	8	30	21	21	0	(1.0)%
Net fee and commission income	1,117	1,196	966	732	667	(65)	(8.9)%
Net trading income and fair value result	155	192	86	30	89	59	197.2 %
Net gains/losses from hedge accounting	15	(20)	(10)	(7)	5	13	–
Other net operating income	(12)	(1)	(9)	51	15	(37)	(71.4)%
Operating income	**2,700**	**2,861**	**2,459**	**2,197**	**2,247**	**50**	**2.3 %**
Staff expenses	(538)	(578)	(562)	(606)	(491)	115	(19.0)%
Other administrative expenses	(273)	(278)	(277)	(323)	(271)	52	(16.1)%
Depreciation	(114)	(123)	(111)	(116)	(116)	0	0.0 %
General administrative expenses	**(925)**	**(978)**	**(950)**	**(1,045)**	**(878)**	**167**	**(16.0)%**
Operating result	**1,775**	**1,882**	**1,509**	**1,152**	**1,369**	**217**	**18.8 %**
Other result	(118)	(442)	(96)	(354)	(138)	216	(60.9)%
Governmental measures and compulsory contributions	(44)	(52)	(236)	(2)	(22)	(20)	>500.0 %
Impairment losses on financial assets	(160)	(228)	(301)	42	8	(34)	(81.6)%
Profit/loss before tax	**1,453**	**1,160**	**877**	**838**	**1,216**	**378**	**45.1 %**
Income taxes	(297)	(270)	(176)	(211)	(269)	(57)	27.2 %
Profit/loss after tax from continuing operations	**1,156**	**890**	**700**	**627**	**947**	**321**	**51.2 %**
Gains/losses from discontinued operations	0	0	0	0	0	0	–
Profit/loss after tax	**1,156**	**890**	**700**	**627**	**947**	**321**	**51.2 %**
Profit attributable to non-controlling interests	(67)	(64)	(43)	(49)	(68)	(20)	39.9 %
Consolidated profit/loss	**1,089**	**826**	**657**	**578**	**879**	**301**	**52.2 %**

Development of the third quarter of 2023 compared to the second quarter of 2023

Net interest income rose € 77 million to € 1,441 million. In many of the Group's countries, higher market interest rates have increased net interest income. Net interest income rose € 16 million in Hungary, chiefly as a result of higher net income from derivatives and interest rate swaps, € 5 million in both Serbia and at head office, € 4 million in both Slovakia and Romania, and € 3 million each in the Czech Republic, Croatia and Albania. The increase of € 13 million in Ukraine was attributable to higher interest income from government certificates of deposit and sovereign bonds. In Russia, lower interest expenses in particular led to an increase in net interest income of € 9 million. The net interest margin rose 22 basis points to 2.95 per cent in response to the favorable development of net interest income in many countries.

Net fee and commission income decreased 9 per cent, or € 65 million, to € 667 million, mainly driven by lower income from foreign currency transactions in Russia. This decline of € 47 million was due to currency depreciation as well as lower margins. Net income from clearing, settlement and payment services also decreased € 24 million as a result of a decline in transactions and income, particularly in Russia and Belarus. In contrast, net income from the securities business exhibited a volume-related increase of € 11 million in Russia.

Net trading income and fair value result rose € 59 million to € 89 million. Around half of the increase occurred at head office, where net trading income rose € 28 million to € 26 million. An increase in currency-related valuation gains was offset to a minor extent by interest rate-induced valuation losses. In addition, risk premiums for RBI in the certificates business declined approximately 20 basis points in the previous quarter but remained unchanged in the current quarter, resulting in an improved valuation result of € 15 million. Hungary recorded an improved valuation result for loans recognized at fair value, including € 17 million in interest rate derivatives acquired to hedge interest rate risks. Raiffeisen Bausparkasse Gesellschaft m.b.H. also achieved an improved valuation result of € 9 million in connection with loans recognized at fair value as well as interest rate derivatives.

Other net operating income came in at € 15 million in the third quarter, well below the second-quarter level of € 51 million. In the third quarter, net income from the sale of debt instruments resulted in a loss of € 9 million, primarily in Hungary. Provisions of € 12 million were recognized in Austria in connection with pending legal cases. Net income arising from non-banking activities (down € 5 million) and net income from insurance contracts (down € 4 million), mainly concentrated in Croatia, reduced net income the third quarter.

General administrative expenses were down € 167 million quarter-on-quarter to € 878 million. Staff expenses dropped € 115 million to € 491 million; other administrative expenses fell € 52 million to € 271 million. The main drivers of the decrease in the third quarter were the higher staff expenses in Russia (€ 103 million) and higher consulting expenses at head office (€ 35 million) in the second quarter.

At minus € 138 million, the other result recorded an improvement of € 216 million. This was mostly driven by expenses for credit-linked, portfolio-based litigation provisions and loan annulments, which totaled € 176 million in the third quarter of 2023 after reaching € 344 million in the second quarter of 2023. They mainly related to the mortgage loan portfolio in Poland. The expense of € 175 million booked in Poland in the third quarter and € 338 million in the second quarter resulted from updates of input factors in the model calculation, particularly due to the significant increase in expected legal cases and the elevated loss rate. The measurement of investments in associates resulted in a reversal of impairment of € 30 million, mainly related to LEIPNIK-LUNDENBURGER INVEST Beteiligungs AG and UNIQA Insurance Group AG in the third quarter, compared to an impairment loss of € 1 million in the second quarter.

There were net releases of impairment losses on financial assets of € 8 million and € 42 million in the second and third quarters, respectively, after booking impairment losses of € 301 million – largely concentrated in Russia due to additional sanctions (€ 280 million) – in the first quarter. The releases of loan loss provisions in both the second and third quarter were mainly related to Russia as a result of updates to macroeconomic factors, special risk factors and the reduction of the customer portfolio that is subject to sanctions. In the third quarter, the net release of loan loss provisions in Russia of € 41 million was contrasted by impairment losses of € 28 million at head office due to defaults at non-financial corporations.

Statement of financial position

Total assets have decreased by around € 3 billion, or 1.4 per cent, since the beginning of the year, effects of currency development were responsible for a decline of 2.1 per cent. The devaluation of the Russian ruble (down 33 per cent) and the Belarusian ruble (down 19 per cent) was set against the appreciation of the Hungarian forint (up 3 per cent) and the US dollar (up 1 per cent).

Securities investments have constantly increased since the start of the year, especially in government bonds in the Czech Republic, Slovakia, Hungary, and Ukraine. However, the largest increase in securities was recorded at head office for both investments and trading in government bonds. Growth in customer loans has been flat across the group, although increases were recorded at head office and in Romania, Slovakia, the Czech Republic, and Croatia.

Assets

in € million	30/9/2022[1]	31/12/2022	31/3/2023	30/6/2023	30/9/2023	Change year-to-date	
Loans to banks	17,699	15,716	17,442	17,358	15,716	0	0.0 %
Loans to customers	109,066	103,230	105,336	101,806	101,931	(1,298)	(1.3)%
hereof non-financial corporations	52,758	48,829	48,939	48,296	47,713	(1,116)	(2.3)%
hereof households	42,010	40,867	40,806	40,525	39,848	(1,019)	(2.5)%
Securities	23,885	23,711	26,281	28,236	30,803	7,092	29.9 %
Cash and other assets	69,188	64,401	61,919	58,723	55,724	(8,677)	(13.5)%
Total	**219,837**	**207,057**	**210,977**	**206,123**	**204,175**	**(2,883)**	**(1.4)%**

1 Adjustment of previous-year figures in accordance to IAS 8 (for details, see the section adjustment of previous-year figures in accordance to IAS 8)

The loan volume in Russia has been scaled back significantly since the beginning of the Russian war of aggression in Ukraine, posting a further decline of € 2,684 million since the start of 2023 – especially due to a reduction in mortgage loans and unsecured loans to households, as well as working capital financing and fixed-term loans to non-financial corporations – which was amplified by the depreciation of the Russian ruble. A net increase of € 480 million was recorded at head office, attributable to a rise in loans to other financial corporations of € 1,014 million, mainly in repo transactions, and a decrease of € 599 million in loans to non-financial corporations. In Romania, loans grew € 345 million, largely as a result of loans to non-financial corporations. The growth amounted to € 325 million, or 2 per cent, in the Czech Republic and € 309 million, or 2 per cent, in Slovakia, mainly driven by loans to non-financial corporations and households in both countries. In Croatia, the increase totaled € 301 million, or 9 per cent, as a consequence of loans to households and governments.

The increase in securities was primarily attributable to investments – especially in government bonds – at head office (up € 2,733 million, including trading securities), in the Czech Republic (up € 2,255 million), Slovakia (up € 752 million), Hungary (up € 692 million) and Ukraine (up € 434 million).

The decline in cash balances of € 8,397 million was primarily due to a reduction at head office of € 6,263 million, mainly due to a reduction in central bank balances, while the increase in repo transactions partially offset this decline. Slovakia posted a decline of € 1,370 million, with surplus cash being used for customer loans and investment loans. Russia recorded a € 1,334 million fall in cash balances, mainly relating to interbank placements that are due on call. The market values of derivatives reported under other assets, primarily interest rate derivatives and foreign currency derivatives at head office, declined € 574 million due to valuation and volume-related changes.

Equity and liabilities

in € million	30/9/2022[1]	31/12/2022	31/3/2023	30/6/2023	30/9/2023	Change year-to-date	
Deposits from banks	40,769	33,641	35,005	33,681	29,298	(4,342)	(12.9)%
Deposits from customers	129,786	125,099	124,776	120,553	121,233	(3,866)	(3.1)%
hereof non-financial corporations	53,502	50,042	49,850	45,827	45,813	(4,229)	(8.5)%
hereof households	60,108	58,876	59,234	58,427	57,520	(1,356)	(2.3)%
Debt securities issued and other liabilities	29,893	29,554	31,971	32,561	33,792	4,238	14.3 %
Equity	19,388	18,764	19,225	19,329	19,851	1,087	5.8 %
Total	**219,837**	**207,057**	**210,977**	**206,123**	**204,175**	**(2,883)**	**(1.4)%**

1 Adjustment of previous-year figures in accordance to IAS 8 (for details, see the section adjustment of previous-year figures in accordance to IAS 8)

The decrease in deposits from banks of € 4,342 million, or 13 per cent, resulted from redemption of TLTRO instruments and lower short-term deposits at head office.

The decline in deposits from customers of € 3,866 million compared to the end of the year was mainly a consequence of a currency-related decrease of € 4,349 million in short-term deposits from households and non-financial corporations in Russia. When measured in local currency, however, these items increased 4 per cent. The decline in deposits of € 2,195 million at head office was largely the result of decreased time deposits and seasonal deposit outflows among non-financial corporations (total: € 2,753 million). This was partially offset by higher short-term deposits from other financial corporations of € 582 million. In contrast, the Czech Republic recorded an increase of € 1,674 million, or 7 per cent, attributable to the rise in repo transactions with governments and short-term deposits mainly from households.

Debt securities issued rose € 4,382 million. In the reporting period, a € 1.0 billion senior preferred note, two mortgage-backed notes, each with a nominal value of € 500 million, and a € 500 million senior non-preferred benchmark bond were issued at head office. MREL-eligible notes were issued in the Czech Republic (€ 300 million) and in Slovakia (€ 500 million), including covered bonds in the latter case. The negative market values of derivatives reported under other liabilities, primarily interest rate derivatives and foreign currency derivatives at head office, declined € 603 million due to valuation and volume-related changes.

Liquidity and funding

With its strong liquidity position and proven processes for managing liquidity risk, RBI is demonstrating its high ability to adapt in the current crisis caused by Russia's attack on Ukraine. The liquidity coverage ratio was 201 per cent as at 30 September 2023 (31 December 2022: 202 per cent) compared to a regulatory limit of 100 per cent, while the net stable funding ratio (NSFR) was 140 per cent (31 December 2022: 135 per cent).

Group funding is derived from a strong base of customer deposits – primarily retail business in Central and Eastern Europe – and is supplemented by wholesale funding, mainly through RBI AG and the subsidiary banks. In addition to funding from the regional Raiffeisen banks, financing loans from third parties and interbank loans with third-party banks are also used. The loan/deposit ratio amounted to 84.7 per cent as at 30 September 2023 (31 December 2022: 82.4 per cent).

Equity on the statement of financial position

The equity, including non-controlling interests, increased by € 1,087 million to € 19,851 million since the beginning of the year.

Total comprehensive income of € 1,146 million comprised profit after tax of € 2,274 million and other comprehensive income of minus € 1,128 million. Currency fluctuations had a negative impact of minus € 1,214 million on the other comprehensive income. The devaluation of the Russian ruble by 33 per cent contributed negatively with € 1,185 million, while the devaluation of the Belarusian ruble by 19 per cent contributed € 84 million to the negative currency impact. On the other hand, there were positive effects from fair value changes of equity instruments and financial assets amounting to € 64 million, as well as from hedging of net investments, resulting in a positive valuation result of € 37 million.

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

Common equity tier 1 (CET1) after deductions amounted to € 15,244 million, representing a decrease of € 399 million compared to the 2022 year-end figure. The main drivers for the decrease were the accumulated planned dividends and an increase in deductions for recognized impairments.

Tier 1 capital after deductions declined € 395 million to € 16,923 million. The decline was primarily attributable to effects in CET1. Tier 2 capital decreased by a slight € 40 million to € 2,343 million due to the regulatory maturing of outstanding instruments. Total capital amounted to € 19,266 million, which represents a decline of € 435 million compared to the 2022 year-end figure.

Total risk-weighted assets (RWA) decreased € 402 million overall from the end of 2022 to € 97,278 million. The main drivers for the reduction in credit risk were foreign currency effects from the Russian ruble. The reduction was set against organic growth and inorganic effects, primarily related to an increase in risk weight for sovereign debt instruments denominated and refinanced in another member state's national currency (Article 500a CRR). The RWAs for market risk increased due to the allocation of € 934 million in RWAs to the investment in the Russian subsidiary bank.

This resulted in a (transitional) CET1 ratio of 15.7 per cent, a (transitional) tier 1 ratio of 17.4 per cent and a (transitional) total capital ratio of 19.8 per cent. If the profit of the third quarter was additionally included, this would result in a (transitional) CET1 ratio of 16.5 per cent, a (transitional) tier 1 ratio of 18.3 per cent and a (transitional) total capital ratio of 20.7 per cent.

Risk management

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

Outlook

The following guidance refers to RBI excluding Russia and Belarus, whereas the corresponding figures in brackets refer to the existing footprint. RBI will continue to progress potential transactions which would result in the sale or spin-off of Raiffeisenbank Russia and deconsolidation of Raiffeisenbank Russia from RBI.

In 2023, net interest income is expected between € 4.2 and € 4.3 billion (between € 5.6 and € 5.7 billion) and net fee and commission income around € 1.8 billion (between € 2.9 and € 3.0 billion).

We expect customer loan growth to increase by around 2 per cent (minus 1 per cent).

We expect general administrative expenses around € 3.1 billion (around € 4.0 billion), resulting in a cost/income ratio of around 50 per cent (43 to 45 per cent).

The provisioning ratio – before use of overlays – is expected to be around 30 basis points (around 40 basis points).

The consolidated return on equity is expected to be around 10 per cent (around 16 per cent) in 2023.

At year-end 2023 we expect a CET1 ratio above 13.5 per cent* (around 16.5 per cent).

Any decision on dividends will be based on the capital position of the Group excluding Russia.

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

* In a 'P/B Zero' Russia deconsolidation scenario.

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	1/1-30/9/2023	1/1-30/9/2022	Change	Q3/2023	Q2/2023	Change
Net interest income	1,163	985	18.1 %	409	386	5.9 %
Dividend income	8	3	222.2 %	2	4	(48.1)%
Current income from investments in associates	3	4	(13.9)%	1	2	(40.3)%
Net fee and commission income	427	415	2.9 %	138	147	(6.0)%
Net trading income and fair value result	(18)	(31)	(41.9)%	5	(14)	–
Net gains/losses from hedge accounting	0	6	–	3	(1)	–
Other net operating income	20	(6)	–	2	13	(85.9)%
Operating income	**1,602**	**1,375**	**16.5 %**	**561**	**538**	**4.3 %**
General administrative expenses	(738)	(660)	11.9 %	(252)	(250)	0.6 %
Operating result	**864**	**715**	**20.8 %**	**309**	**288**	**7.6 %**
Other result	(608)	(181)	236.9 %	(175)	(347)	(49.5)%
Governmental measures and compulsory contributions	(131)	(117)	12.0 %	(3)	(7)	(58.8)%
Impairment losses on financial assets	(22)	(15)	42.9 %	16	(26)	–
Profit/loss before tax	**103**	**403**	**(74.4)%**	**148**	**(92)**	**–**
Income taxes	(126)	(107)	17.6 %	(48)	(39)	22.3 %
Profit/loss after tax	**(23)**	**296**	**–**	**99**	**(132)**	**–**
Return on equity before tax	3.1 %	14.0 %	(10.9) PP	13.3 %	–	–
Return on equity after tax	–	10.2 %	–	9.0 %	–	–
Net interest margin (average interest-bearing assets)	2.43 %	2.27 %	0.16 PP	2.57 %	2.42 %	0.15 PP
Cost/income ratio	46.1 %	48.0 %	(1.9) PP	44.9 %	46.5 %	(1.7) PP

The year-on-year decrease in profit after tax mainly reflected an increase of € 414 million in expenses for credit-linked, portfolio-based litigation and for loan agreement annulments in Poland. This rise resulted from an update of input factors in the model calculation to take account of a significant increase in expected legal cases and a higher loss rate, and losses from loan agreement annulments. The increase of € 227 million in operating income was primarily attributable to the positive trend in net interest income as a result of higher market interest rates in Hungary (up € 143 million) and Slovakia (up € 64 million). The Czech Republic reported a decrease of € 34 million, as rising interest expenses for customer deposits for households and for newly issued MREL-eligible debt securities clearly exceeded the increase in interest income from repo business and customer loans. General administrative expenses increased € 78 million, in Hungary (up € 36 million) as a result of higher expenses for staff and transaction taxes, in Slovakia (up € 22 million) also as a result of higher staff costs, and in Poland (up € 22 million) due to increased legal and consulting expenses. The main reason for the rise of € 14 million in expenses for governmental measures and compulsory contributions was the adaptation of the special bank levy introduced in the previous year in Hungary (up € 31 million). Risk costs increased € 7 million largely as a result of higher allocations in the Czech Republic (up € 34 million), while improved general conditions in Hungary and Slovakia led to lower risk costs. The increase in income taxes was attributable to the improved result in Slovakia.

in € million	Poland 1/1-30/9/2023	Poland 1/1-30/9/2022	Slovakia 1/1-30/9/2023	Slovakia 1/1-30/9/2022
Net interest income	15	9	293	229
Dividend income	0	0	0	0
Current income from investments in associates	0	0	3	4
Net fee and commission income	0	1	142	138
Net trading income and fair value result	1	2	11	5
Net gains/losses from hedge accounting	0	0	1	0
Other net operating income	3	(20)	2	2
Operating income	**20**	**(8)**	**453**	**378**
General administrative expenses	(48)	(25)	(199)	(178)
Operating result	**(28)**	**(33)**	**253**	**201**
Other result	(600)	(186)	0	0
Governmental measures and compulsory contributions	(3)	(11)	(7)	(11)
Impairment losses on financial assets	29	40	(26)	(38)
Profit/loss before tax	**(602)**	**(190)**	**221**	**152**
Income taxes	0	0	(48)	(28)
Profit/loss after tax	**(602)**	**(190)**	**172**	**123**

in € million	Czech Republic 1/1-30/9/2023	Czech Republic 1/1-30/9/2022	Hungary 1/1-30/9/2023	Hungary 1/1-30/9/2022
Net interest income	474	507	382	239
Dividend income	4	0	4	2
Net fee and commission income	136	141	148	134
Net trading income and fair value result	(2)	(26)	(28)	(12)
Net gains/losses from hedge accounting	(2)	(3)	1	9
Other net operating income	20	19	(5)	(7)
Operating income	**629**	**639**	**501**	**366**
General administrative expenses	(295)	(296)	(196)	(161)
Operating result	**333**	**342**	**305**	**206**
Other result	(1)	10	(8)	(5)
Governmental measures and compulsory contributions	(23)	(22)	(96)	(72)
Impairment losses on financial assets	(29)	5	4	(23)
Profit/loss before tax	**281**	**335**	**204**	**105**
Income taxes	(57)	(60)	(21)	(19)
Profit/loss after tax	**224**	**275**	**183**	**87**

Southeastern Europe

in € million	1/1-30/9/2023	1/1-30/9/2022	Change	Q3/2023	Q2/2023	Change
Net interest income	953	664	43.5 %	336	318	5.5 %
Dividend income	4	6	(33.7)%	3	1	387.9 %
Net fee and commission income	332	336	(1.0)%	118	110	7.0 %
Net trading income and fair value result	8	(14)	–	3	(4)	–
Net gains/losses from hedge accounting	0	0	174.8 %	0	0	68.4 %
Other net operating income	12	28	(56.5)%	8	3	159.3 %
Operating income	**1,310**	**1,020**	**28.5 %**	**467**	**428**	**9.1 %**
General administrative expenses	(527)	(480)	9.7 %	(175)	(177)	(1.0)%
Operating result	**783**	**539**	**45.3 %**	**292**	**251**	**16.2 %**
Other result	(7)	(4)	71.2 %	0	(6)	(93.9)%
Governmental measures and compulsory contributions	(31)	(36)	(14.9)%	(6)	(4)	57.7 %
Impairment losses on financial assets	19	(38)	–	(21)	40	–
Profit/loss before tax	**765**	**461**	**65.9 %**	**264**	**280**	**(6.0)%**
Income taxes	(122)	(67)	81.6 %	(39)	(49)	(20.5)%
Profit/loss after tax from continuing operations	**643**	**394**	**63.3 %**	**225**	**231**	**(2.9)%**
Gains/losses from discontinued operations	0	46	–	0	0	–
Profit/loss after tax	**643**	**440**	**46.4 %**	**225**	**231**	**(2.9)%**
Return on equity before tax	32.5 %	19.4 %	13.1 PP	33.6 %	35.8 %	(2.2) PP
Return on equity after tax	27.3 %	18.5 %	8.9 PP	28.6 %	29.6 %	(0.9) PP
Net interest margin (average interest-bearing assets)	4.23 %	3.31 %	0.92 PP	4.35 %	4.25 %	0.10 PP
Cost/income ratio	40.2 %	47.1 %	(6.9) PP	37.5 %	41.3 %	(3.8) PP

As of 1 April 2022, Crédit Agricole Srbija AD was consolidated for the first time and, as of 30 April 2023, merged into the Serbian subsidiary bank, Raiffeisen banka a.d. In the previous-year period, the profit for the period of the Bulgarian group units held for sale was disclosed under gains/losses from discontinued operations. The result of deconsolidation of € 398 million was allocated to the Corporate Center segment.

The increase in profit after tax from continuing operations was mainly attributable to significantly higher net interest income. The main drivers of the growth in net interest income were higher interest rates and higher loan volumes. Net interest income rose € 289 million or 44 per cent. Serbia accounted for € 101 million, primarily as a result of higher interest income from loans to non-financial corporations and households and additionally from the acquisition made in April 2022. Strong growth in net interest income was also reported in Romania (€ 82 million or 23 per cent) and in Croatia (€ 48 million or 56 per cent). Net trading income and fair value result improved from minus € 14 million in the previous-year period to plus € 8 million due to gains, or lower losses, on loans and debt securities recognized at fair value in Croatia and Romania. Other net operating income was down € 9 million from the previous-year period, mainly as a result of releases of other provisions (€ 10 million) in the previous-year period, largely in connection with litigation in Romania. General administrative expenses increased in all countries in the segment. The biggest increases were reported in staff expenses (€ 31 million) and were due to higher headcounts and inflation-related salary rises. Other administrative expenses were up € 8 million primarily as a result of higher office space and IT expenses. Risk costs improved markedly after a net release of € 19 million in the reporting period compared to allocations of € 38 million in the previous-year period. This positive trend was evident in nearly all of the segment's countries. Romania and Croatia reported the biggest declines in risk costs – above all for loans to households. Income taxes were up € 55 million to € 122 million, predominantly reflecting higher earnings.

in € million	Albania 1/1-30/9/2023	Albania 1/1-30/9/2022	Bosnia and Herzegovina 1/1-30/9/2023	Bosnia and Herzegovina 1/1-30/9/2022	Kosovo 1/1-30/9/2023	Kosovo 1/1-30/9/2022
Net interest income	83	49	63	47	48	39
Dividend income	0	1	0	4	0	0
Net fee and commission income	15	14	40	41	13	14
Net trading income and fair value result	(3)	0	1	2	1	0
Other net operating income	0	0	(1)	1	4	3
Operating income	**95**	**64**	**103**	**94**	**67**	**56**
General administrative expenses	(38)	(32)	(45)	(41)	(27)	(24)
Operating result	**57**	**33**	**58**	**53**	**40**	**32**
Other result	0	0	0	(1)	0	0
Governmental measures and compulsory contributions	(6)	(5)	(4)	(4)	(1)	(1)
Impairment losses on financial assets	8	3	1	(6)	(6)	(4)
Profit/loss before tax	**60**	**31**	**55**	**43**	**33**	**27**
Income taxes	(9)	(5)	(4)	(4)	(4)	(3)
Profit/loss after tax	**51**	**27**	**50**	**39**	**29**	**24**

in € million	Croatia 1/1-30/9/2023	Croatia 1/1-30/9/2022	Romania 1/1-30/9/2023	Romania 1/1-30/9/2022	Serbia 1/1-30/9/2023	Serbia 1/1-30/9/2022
Net interest income	132	85	430	348	197	96
Dividend income	0	0	3	0	0	0
Net fee and commission income	55	67	131	137	78	64
Net trading income and fair value result	(10)	(5)	8	(16)	11	5
Other net operating income	7	11	(1)	9	3	5
Operating income	**184**	**157**	**571**	**478**	**289**	**171**
General administrative expenses	(90)	(91)	(239)	(215)	(87)	(78)
Operating result	**94**	**65**	**332**	**263**	**202**	**93**
Other result	(5)	(1)	(2)	(3)	1	0
Governmental measures and compulsory contributions	0	(4)	(10)	(14)	(9)	(7)
Impairment losses on financial assets	15	(7)	8	(19)	(7)	(6)
Profit/loss before tax	**104**	**53**	**328**	**226**	**186**	**80**
Income taxes	(19)	(8)	(58)	(36)	(27)	(10)
Profit/loss after tax	**85**	**45**	**270**	**190**	**159**	**70**

Eastern Europe

in € million	1/1-30/9/2023	1/1-30/9/2022	Change	Q3/2023	Q2/2023	Change
Net interest income	1,407	1,447	(2.8)%	462	441	4.6 %
Dividend income	0	0	29.9 %	0	0	266.0 %
Current income from investments in associates	3	6	(56.9)%	1	1	102.4 %
Net fee and commission income	1,125	1,442	(22.0)%	253	323	(21.6)%
Net trading income and fair value result	178	326	(45.3)%	53	59	(10.2)%
Net gains/losses from hedge accounting	(2)	(23)	(89.4)%	(1)	(1)	(54.6)%
Other net operating income	(33)	(23)	41.0 %	(2)	3	–
Operating income	**2,678**	**3,175**	**(15.7)%**	**767**	**826**	**(7.1)%**
General administrative expenses	(749)	(664)	12.8 %	(183)	(285)	(35.8)%
Operating result	**1,929**	**2,511**	**(23.2)%**	**584**	**540**	**8.1 %**
Other result	(6)	(4)	55.4 %	(2)	1	–
Governmental measures and compulsory contributions	(43)	(50)	(14.2)%	(13)	(14)	(8.8)%
Impairment losses on financial assets	(225)	(569)	(60.5)%	48	33	46.4 %
Profit/loss before tax	**1,656**	**1,889**	**(12.3)%**	**618**	**560**	**10.3 %**
Income taxes	(390)	(399)	(2.3)%	(173)	(117)	47.4 %
Profit/loss after tax	**1,266**	**1,490**	**(15.0)%**	**445**	**443**	**0.5 %**
Return on equity before tax	57.2 %	75.3 %	(18.1) PP	64.0 %	57.7 %	6.3 PP
Return on equity after tax	43.7 %	59.4 %	(15.7) PP	46.1 %	45.6 %	0.5 PP
Net interest margin (average interest-bearing assets)	6.52 %	6.14 %	0.38 PP	6.99 %	6.16 %	0.83 PP
Cost/income ratio	28.0 %	20.9 %	7.1 PP	23.9 %	34.6 %	(10.7) PP

Net interest income was down € 40 million to € 1,407 million. In Russia, net interest income fell € 62 million, largely as a result of a 52 per cent currency-related decline in loan volumes. In Belarus, net interest income decreased € 25 million due to falling market interest rates, while in Ukraine higher interest income from sovereign certificates of deposit, money market business and sovereign bonds led to a rise of € 48 million in net interest income. Net fee and commission income declined as a result of currency devaluations and remained driven by the geopolitical situation. The decrease was especially pronounced in Russia and reflected lower volumes following the introduction of internal transaction limits and lower margins in foreign currency business, which led to a fall of € 285 million. Net fee and commission income from transactions in clearing, settlement and payment services was down € 66 million due to lower volumes. General administrative expenses were up, reflecting increased salaries and social costs, provisions for one-off payments and a higher headcount, mainly in IT. Risk costs in the reporting period amounted to € 225 million (previous-year period: € 569 million), of which € 147 million was recognized in Russia and € 74 million in Ukraine. The allocations for Stage 1 and Stage 2 totaled € 92 million in Russia (primarily non-financial corporations) and € 46 million in Ukraine (mainly governments and non-financial corporations). The year-on-year decline in income taxes was mainly attributable to lower current taxes due to the decrease in profit in Russia, which was partially offset by the introduction of a new special tax (€ 47 million). The positive earnings trend in Ukraine had the opposite effect.

in € million	Belarus 1/1-30/9/2023	Belarus 1/1-30/9/2022	Russia 1/1-30/9/2023	Russia 1/1-30/9/2022	Ukraine 1/1-30/9/2023	Ukraine 1/1-30/9/2022
Net interest income	66	91	1,029	1,091	312	265
Dividend income	0	0	0	0	0	0
Current income from investments in associates	0	0	3	6	0	0
Net fee and commission income	98	86	966	1,299	61	57
Net trading income and fair value result	21	30	129	242	29	54
Net gains/losses from hedge accounting	0	0	(2)	(23)	0	0
Other net operating income	(11)	(12)	(19)	(10)	(2)	(1)
Operating income	**173**	**195**	**2,105**	**2,605**	**400**	**375**
General administrative expenses	(53)	(53)	(568)	(476)	(128)	(134)
Operating result	**120**	**141**	**1,537**	**2,129**	**272**	**241**
Other result	(1)	(1)	(6)	(1)	1	(2)
Governmental measures and compulsory contributions	(1)	(2)	(33)	(40)	(8)	(7)
Impairment losses on financial assets	(3)	(23)	(147)	(299)	(74)	(247)
Profit/loss before tax	**114**	**115**	**1,351**	**1,789**	**190**	**(15)**
Income taxes	(29)	(32)	(327)	(369)	(34)	2
Profit/loss after tax	**86**	**83**	**1,024**	**1,420**	**156**	**(13)**

Group Corporates & Markets

in € million	1/1-30/9/2023	1/1-30/9/2022	Change	Q3/2023	Q2/2023	Change
Net interest income	711	505	41.0 %	248	238	4.1 %
Dividend income	4	12	(64.2)%	2	0	436.0 %
Current income from investments in associates	11	3	230.4 %	4	3	29.3 %
Net fee and commission income	428	451	(5.1)%	142	129	9.8 %
Net trading income and fair value result	142	95	49.3 %	48	37	29.1 %
Net gains/losses from hedge accounting	(6)	(12)	(45.4)%	1	(3)	–
Other net operating income	83	84	(1.2)%	19	34	(44.9)%
Operating income	**1,373**	**1,138**	**20.6 %**	**462**	**439**	**5.4 %**
General administrative expenses	(620)	(558)	11.0 %	(203)	(218)	(6.8)%
Operating result	**753**	**579**	**29.9 %**	**259**	**221**	**17.5 %**
Other result	8	4	91.7 %	7	0	>500.0%
Governmental measures and compulsory contributions	(34)	(40)	(15.4)%	(8)	(1)	>500.0%
Impairment losses on financial assets	(26)	(95)	(72.4)%	(35)	(6)	480.4 %
Profit/loss before tax	**700**	**448**	**56.4 %**	**223**	**214**	**4.1 %**
Income taxes	(157)	(93)	69.3 %	(48)	(52)	(8.0)%
Profit/loss after tax	**543**	**355**	**53.0 %**	**175**	**162**	**7.9 %**
Return on equity before tax	24.3 %	15.3 %	8.9 PP	23.2 %	22.5 %	0.7 PP
Return on equity after tax	18.8 %	12.2 %	6.7 PP	18.2 %	17.0 %	1.2 PP
Net interest margin (average interest-bearing assets)	1.48 %	1.09 %	0.38 PP	1.55 %	1.46 %	0.09 PP
Cost/income ratio	45.2 %	49.1 %	(3.9) PP	43.9 %	49.7 %	(5.8) PP

The year-on-year increase in profit after tax was driven mainly by the rise of € 207 million in net interest income and the improvement of € 47 million in net trading income and fair value result. The growth in net interest income was primarily due to higher interest margins on customer deposits (cash management, money market deposits). The € 47 million increase in net trading income and fair value result originated from head office, and was primarily attributable to a rise in net trading income in connection with interest rate derivatives. In contrast, general administrative expenses were up, driven mainly by the rise in other administrative expenses (especially IT and communications expenses) and increased staff expenses (largely reflecting increased salaries and social security costs) at head office. In the reporting period, impairment losses on financial assets totaled € 26 million, which was significantly lower than in the comparable previous-year period (€ 95 million). Allocations to Stages 1 and 3 were down, while there were releases in Stage 2.

Corporate Center

in € million	1/1-30/9/2023	1/1-30/9/2022	Change	Q3/2023	Q2/2023	Change
Net interest income	(51)	(53)	(3.4)%	(17)	(21)	(20.7)%
Dividend income	470	219	114.6 %	43	322	(86.7)%
Current income from investments in associates	55	42	29.4 %	14	15	(4.6)%
Net fee and commission income	56	46	22.4 %	19	24	(23.4)%
Net trading income and fair value result	(111)	74	–	(18)	(50)	(63.4)%
Net gains/losses from hedge accounting	(1)	3	–	2	(1)	–
Other net operating income	99	65	51.8 %	31	44	(29.6)%
Operating income	**517**	**397**	**30.5 %**	**74**	**333**	**(77.7)%**
General administrative expenses	(361)	(322)	12.3 %	(106)	(160)	(33.4)%
Operating result	**156**	**75**	**108.6 %**	**(32)**	**173**	**–**
Other result	20	(39)	–	32	(4)	–
Governmental measures and compulsory contributions	(21)	(42)	(49.7)%	8	24	(66.8)%
Impairment losses on financial assets	10	(13)	–	1	(1)	–
Profit/loss before tax	**166**	**(20)**	**–**	**8**	**191**	**(95.6)%**
Income taxes	143	77	84.3 %	39	47	(17.7)%
Profit/loss after tax from continuing operations	**308**	**58**	**435.7 %**	**47**	**238**	**(80.2)%**
Profit/loss after tax from discontinued operations	0	398	–	0	0	–
Profit/loss after tax	**308**	**455**	**(32.2)%**	**47**	**238**	**(80.2)%**

Dividend income – largely higher intra-group dividends – resulted in an increase of € 251 million. In the previous-year reporting period, a loss was reported in other result due to the derecognition of intangible assets of € 27 million at head office. The expense for governmental measures and compulsory contributions fell € 21 million to € 21 million as a result of lower contributions to the resolution fund and lower bank levies at head office. The impairment losses on financial assets represented net releases of € 10 million at head office in the reporting period (previous-year period: net allocation of € 13 million).

In contrast to these positive effects, net trading income and fair value result was down € 185 million. The certificate business at head office generated high valuation gains above all due to the steep rise in own credit spreads from certificate issues measured at fair value in the previous year. In contrast, risk spreads declined some 25 basis points in the current year. As a result, the valuation result decreased € 96 million year-on-year to minus € 35 million. In addition, the decline was largely due to hedging of capital positions in subsidiaries held in local currencies by currency derivatives (net investment hedge). At head office, the large interest rate differential above all between euro and Russian ruble in the first six months of the previous year had a very positive effect on valuations. The reduction in the valuation result from that effect amounted to € 25 million compared to the previous-year period.

The increase of € 40 million in general administrative expenses reflected higher staff expenses due to increased salaries and social security costs as well as higher consulting expenses at head office.

Other result in the reporting period amounted to € 20 million (previous-year period: minus € 39 million). The measurement of shares in associated companies led to reversals of impairment of € 22 million in the reporting period. In the comparable period of the previous year, impairment losses of € 16 million on shares in associated companies and € 23 million on shares in subsidiaries were recognized.

In the previous-year period, gains/losses from discontinued operations included the deconsolidation result of the Bulgarian group units.

Interim consolidated financial statements

(Condensed interim consolidated financial statements as at 30 September 2023)

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 around 45,000 employees serve 17.8 million clients at around 1,500 business outlets located mostly in CEE.

Since the company's shares are traded on a regulated market as defined in § 1 (2) of the Austrian Stock Market Act (BörseG) (prime market of the Vienna Stock Exchange) and numerous RBI AG issues are listed on a regulated market in the EU, RBI AG is required by § 59a of the Austrian Banking Act (BWG) to prepare consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS). The eight regional Raiffeisen banks are core shareholders that collectively hold approximately 60.6 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 consolidated financial statements as at 30 September 2023 was neither fully audited nor reviewed.

Statement of comprehensive income

Income statement

in € million	Notes	1/1-30/9/2023	1/1-30/9/2022
Net interest income	[1]	4,190	3,591
Interest income according to effective interest method		6,172	4,622
Interest income other		1,631	476
Interest expenses		(3,613)	(1,506)
Dividend income	[2]	27	40
Current income from investments in associates	[3]	71	55
Net fee and commission income	[4]	2,364	2,682
Fee and commission income		3,115	3,394
Fee and commission expenses		(750)	(712)
Net trading income and fair value result	[5]	205	471
Net gains/losses from hedge accounting	[5]	(12)	(21)
Other net operating income	[6]	57	30
Operating income		**6,904**	**6,849**
Staff expenses		(1,660)	(1,432)
Other administrative expenses		(871)	(804)
Depreciation		(343)	(338)
General administrative expenses	**[7]**	**(2,874)**	**(2,574)**
Operating result		**4,030**	**4,275**
Other result	[8]	(589)	(225)
Governmental measures and compulsory contributions	[9]	(259)	(285)
Impairment losses on financial assets	[10]	(251)	(721)
Profit/loss before tax		**2,931**	**3,044**
Income taxes	[11]	(657)	(589)
Profit/loss after tax from continuing operations		**2,274**	**2,455**
Gains/losses from discontinued operations		0	453
Profit/loss after tax		**2,274**	**2,907**
Profit attributable to non-controlling interests	[28]	(161)	(107)
Consolidated profit/loss		**2,114**	**2,801**

Other comprehensive income and total comprehensive income

in € million	Notes	1/1-30/9/2023	1/1-30/9/2022[1]
Profit/loss after tax		**2,274**	**2,907**
Items which are not reclassified to profit or loss		**17**	**52**
Remeasurements of defined benefit plans	[26]	10	37
Fair value changes of equity instruments	[16]	20	(43)
Fair value changes due to changes in credit risk of financial liabilities	[18]	(10)	39
Share of other comprehensive income from companies valued at equity	[23]	(2)	18
Deferred taxes on items which are not reclassified to profit or loss	[11]	(1)	0
Items that may be reclassified subsequently to profit or loss		**(1,145)**	**1,017**
Exchange differences		(1,214)	1,409
Hedge of net investments in foreign operations	[21]	37	(38)
Adaptations to the cash flow hedge reserve	[21]	(17)	(79)
Fair value changes of financial assets	[16]	44	(138)
Share of other comprehensive income from companies valued at equity	[23]	7	(180)
Deferred taxes on items which may be reclassified to profit or loss	[11]	(3)	42
Other comprehensive income		**(1,128)**	**1,069**
Total comprehensive income		**1,146**	**3,976**
Profit attributable to non-controlling interests	[28]	(151)	(98)
hereof income statement	[28]	(161)	(107)
hereof other comprehensive income		10	9
Profit/loss attributable to owners of the parent		**995**	**3,879**

1 Adjustment of previous-year figures in accordance to IAS 8 (for details, see the section adjustment of previous-year figures in accordance to IAS 8)

Earnings per share

in € million	1/1-30/9/2023	1/1-30/9/2022
Consolidated profit/loss	2,114	2,801
Dividend claim on additional tier 1	(82)	(70)
Profit/loss attributable to ordinary shares	**2,032**	**2,731**
Average number of ordinary shares outstanding in million	328	329
Earnings per share in €	**6.19**	**8.31**

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 Management Board at the respective payment date.

Statement of financial position

Assets

in € million	Notes	30/9/2023	31/12/2022
Cash, balances at central banks and other demand deposits	[12]	45,286	53,683
Financial assets - amortized cost	[13]	142,024	137,431
Financial assets - fair value through other comprehensive income	[16, 22]	3,003	3,203
Non-trading financial assets - mandatorily fair value through profit/loss	[17, 22]	876	757
Financial assets - designated fair value through profit/loss	[18, 22]	184	84
Financial assets - held for trading	[19, 22]	7,023	6,411
Hedge accounting	[21]	1,461	1,608
Fair value adjustments of the hedged items in portfolio hedge of interest rate risk	[21]	(790)	(947)
Investments in subsidiaries and associates	[23]	818	713
Tangible fixed assets	[24]	1,645	1,684
Intangible fixed assets	[24]	914	903
Current tax assets	[11]	90	100
Deferred tax assets	[11]	243	269
Other assets	[25]	1,397	1,159
Total		**204,175**	**207,057**

Equity and liabilities

in € million	Notes	30/9/2023	31/12/2022
Financial liabilities - amortized cost	[14]	169,888	175,142
Financial liabilities - designated fair value through profit/loss	[18, 22]	1,200	950
Financial liabilities - held for trading	[20, 22]	8,862	8,453
Hedge accounting	[21]	1,653	2,054
Fair value adjustments of the hedged items in portfolio hedge of interest rate risk	[21]	(941)	(1,217)
Provisions for liabilities and charges	[26]	1,531	1,479
Current tax liabilities	[11]	187	181
Deferred tax liabilities	[11]	35	36
Other liabilities	[27]	1,908	1,215
Equity	[28]	19,851	18,764
Consolidated equity		16,992	16,027
Non-controlling interests		1,253	1,127
Additional tier 1		1,607	1,610
Total		**204,175**	**207,057**

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 31/12/2022	**1,002**	**4,990**	**13,637**	**(3,601)**	**16,027**	**1,127**	**1,610**	**18,764**
Impact of adopting IFRS 17	0	0	(42)	49	7	0	0	6
Equity as at 1/1/2023	**1,002**	**4,990**	**13,594**	**(3,552)**	**16,034**	**1,126**	**1,610**	**18,771**
Capital increases/ decreases	0	0	0	0	0	0	0	0
Allocation dividend - AT1	0	0	(54)	0	(54)	0	54	0
Dividend payments	0	0	0	0	0	(24)	(54)	(79)
Own shares	0	1	0	0	1	0	(3)	(2)
Other changes	0	0	16	(1)	16	0	0	15
Total comprehensive income	0	0	2,114	(1,118)	995	151	0	1,146
Equity as at 30/9/2023	**1,002**	**4,990**	**15,670**	**(4,671)**	**16,992**	**1,253**	**1,607**	**19,851**
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[1]	0	0	2,801	1,078	3,879	98	0	3,976
Equity as at 30/9/2022	**1,002**	**4,992**	**12,895**	**(2,191)**	**16,698**	**1,078**	**1,611**	**19,388**

1 Adjustment of previous-year figures in accordance to IAS 8 (for details, see the section adjustment of previous-year figures in accordance to IAS 8)

Statement of cash flows

in € million	Notes	1/1-30/9/2023	1/1-30/9/2022
Cash, balances at central banks and other demand deposits as at 1/1	**[12]**	**53,683**	**38,557**
Operating activities:			
Profit/loss before tax		2,931	3,044
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	[7, 8]	345	343
Net provisioning for liabilities and charges and impairment losses on financial assets	[6, 10, 26]	856	897
Gains/losses from the measurement and derecognition of assets and liabilities	[5, 8]	171	(534)
Current income from investments in associates	[3]	(71)	(55)
Other adjustments (net)[1]		(4,042)	(2,175)
Subtotal		**189**	**1,519**
Changes in assets and liabilities arising from operating activities after corrections for non-cash positions:			
Financial assets - amortized cost	[13]	(2,891)	(2,484)
Financial assets - fair value through other comprehensive income	[16, 22]	287	701
Non-trading financial assets - mandatorily fair value through profit/loss	[17, 22]	10	221
Financial assets - designated fair value through profit/loss	[18, 22]	(98)	175
Financial assets - held for trading	[19, 22]	(1,960)	1,009
Other assets	[25]	(117)	(22)
Financial liabilities - amortized cost	[14]	(1,414)	16,024
Financial liabilities - designated fair value through profit/loss	[18, 22]	227	(164)
Financial liabilities - held for trading	[20, 22]	824	56
Provisions for liabilities and charges	[26]	(293)	(250)
Other liabilities	[27]	544	307
Interest received	[1]	7,034	4,891
Interest paid	[1]	(2,667)	(1,423)
Dividends received	[2]	55	78
Income taxes paid	[11]	(675)	(631)
Net cash from operating activities		**(944)**	**20,006**
Investing activities:			
Cash and cash equivalents from changes in scope of consolidation due to materiality		(6)	(7)
Payments for purchase of:			
Investment securities and shares	[13, 15, 17, 23]	(7,974)	(4,447)
Tangible and intangible fixed assets	[24]	(379)	(259)
Subsidiaries		0	198
Proceeds from sale of:			
Investment securities and shares	[13, 15, 17, 23]	1,958	1,168
Tangible and intangible fixed assets	[24]	53	119
Subsidiaries	[8]	0	32
Net cash from investing activities		**(6,348)**	**(3,197)**
Financing activities:			
Capital decreases		(2)	(11)
Inflows subordinated financial liabilities	[14, 18]	0	497
Outflows subordinated financial liabilities	[14, 18]	(50)	(330)
Dividend payments		(79)	(72)
Cash flows for leases		(52)	(54)
Inflows from changes in non-controlling interests		0	0
Net cash from financing activities		**(183)**	**31**
Effect of exchange rate changes		(922)	591
Cash, balances at central banks and other demand deposits as at 30/9	**[12]**	**45,286**	**55,988**

1 Other adjustments (net) 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. A cash generating unit (CGU) within the Group is a country. The presentation of the countries includes all operating units of RBI in the respective countries (in addition to subsidiary banks, e.g. also 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 a material component in the decision-making process. The segments are also presented accordingly in compliance 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, Financial Institutions & Sovereigns, the trading of equity instruments and capital market financing, and business with the institutions of the Raiffeisen Banking Group (RBG). This segment also includes capital market-based customer and proprietary business in Austria as well as financial service providers and special companies such as e.g. Raiffeisen Digital Bank AG (digital retail banking activities), Kathrein Privatbank Aktiengesellschaft, Raiffeisen Leasing Group, Raiffeisen Factor Bank AG, Raiffeisen Bausparkasse Gesellschaft m.b.H., Valida Group (pension fund business) and Raiffeisen Kapitalanlage-Gesellschaft mit beschränkter Haftung. 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.

1/1-30/9/2023 in € million	Central Europe	Southeastern Europe	Eastern Europe	Group Corporates & Markets
Net interest income	1,163	953	1,407	711
Dividend income	8	4	0	4
Current income from investments in associates	3	0	3	11
Net fee and commission income	427	332	1,125	428
Net trading income and fair value result	(18)	8	178	142
Net gains/losses from hedge accounting	0	0	(2)	(6)
Other net operating income	20	12	(33)	83
Operating income	**1,602**	**1,310**	**2,678**	**1,373**
General administrative expenses	(738)	(527)	(749)	(620)
Operating result	**864**	**783**	**1,929**	**753**
Other result	(608)	(7)	(6)	8
Governmental measures and compulsory contributions	(131)	(31)	(43)	(34)
Impairment losses on financial assets	(22)	19	(225)	(26)
Profit/loss before tax	**103**	**765**	**1,656**	**700**
Income taxes	(126)	(122)	(390)	(157)
Profit/loss after tax	**(23)**	**643**	**1,266**	**543**
Profit attributable to non-controlling interests	(93)	0	(60)	(9)
Profit/loss after deduction of non-controlling interests	**(116)**	**643**	**1,206**	**535**
Return on equity before tax	3.1 %	32.5 %	57.2 %	24.3 %
Return on equity after tax	–	27.3 %	43.7 %	18.8 %
Net interest margin (average interest-bearing assets)	2.43 %	4.23 %	6.52 %	1.48 %
Cost/income ratio	46.1 %	40.2 %	28.0 %	45.2 %
Loan/deposit ratio	85.1 %	70.5 %	40.3 %	168.7 %
Provisioning ratio (average loans to customers)	0.07 %	(0.13)%	2.33 %	0.09 %
NPE ratio	1.3 %	1.9 %	2.1 %	1.6 %
NPE coverage ratio	60.2 %	67.3 %	75.5 %	42.0 %
Assets	65,009	33,432	29,443	67,439
Total risk-weighted assets (RWA)	25,672	17,408	20,802	28,448
Equity	4,518	3,806	5,054	4,475
Loans to customers	37,599	18,594	8,441	37,872
Deposits from customers	47,180	26,126	21,539	29,329
Business outlets	337	692	493	23
Employees as at reporting date (full-time equivalents)	9,750	12,665	16,774	3,485
Customers in million	3.9	5.0	7.1	1.9

1/1-30/9/2023 in € million	Corporate Center	Reconciliation	Total
Net interest income	(51)	7	4,190
Dividend income	470	(459)	27
Current income from investments in associates	55	0	71
Net fee and commission income	56	(4)	2,364
Net trading income and fair value result	(111)	6	205
Net gains/losses from hedge accounting	(1)	(2)	(12)
Other net operating income	99	(124)	57
Operating income	**517**	**(576)**	**6,904**
General administrative expenses	(361)	121	(2,874)
Operating result	**156**	**(455)**	**4,030**
Other result	20	3	(589)
Governmental measures and compulsory contributions	(21)	0	(259)
Impairment losses on financial assets	10	(7)	(251)
Profit/loss before tax	**166**	**(459)**	**2,931**
Income taxes	143	(5)	(657)
Profit/loss after tax	**308**	**(464)**	**2,274**
Profit attributable to non-controlling interests	0	1	(161)
Profit/loss after deduction of non-controlling interests	**308**	**(462)**	**2,114**
Return on equity before tax	–	–	21.4 %
Return on equity after tax	–	–	16.6 %
Net interest margin (average interest-bearing assets)	–	–	2.81 %
Cost/income ratio	–	–	41.6 %
Loan/deposit ratio	–	–	84.7 %
Provisioning ratio (average loans to customers)	–	–	0.25 %
NPE ratio	–	–	1.5 %
NPE coverage ratio	–	–	58.9 %
Assets	35,645	(26,793)	204,175
Total risk-weighted assets (RWA)	16,877	(11,929)	97,278
Equity	8,671	(6,673)	19,851
Loans to customers	976	(1,551)	101,931
Deposits from customers	1,268	(4,207)	121,233
Business outlets	–	–	1,545
Employees as at reporting date (full-time equivalents)	2,136	–	44,810
Customers in million	0.0	–	17.8

1/1-30/9/2022 in € million	Central Europe	Southeastern Europe	Eastern Europe[1]	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	40,302	71,592
Total risk-weighted assets (RWA)	25,641	17,893	30,202	33,051
Equity	4,119	3,392	5,792	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 Adjustment of previous-year figures in accordance to IAS 8 (for details, see the section adjustment of previous-year figures in accordance to IAS 8)

1/1-30/9/2022 in € million	Corporate Center	Reconciliation	Total[1]
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)	219,837
Total risk-weighted assets (RWA)	16,329	(14,620)	108,496
Equity	8,339	(6,533)	19,388
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 Adjustment of previous-year figures in accordance to IAS 8 (for details, see the section adjustment of previous-year figures in accordance to IAS 8)

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 2022. 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 interim group 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 of the 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.

Key sources of estimation uncertainty and critical accounting judgments

If estimates or assessments are necessary for accounting and measurement under IAS/IFRS rules, they are made in accordance with the respective standards. They are based on past experiences and other factors, such as planning and expectations or forecasts of future events that appear likely, based on current judgement. The estimates and underlying assumptions are reviewed on an ongoing basis. Alterations to estimates that affect only one period will be considered only in that period. If the following reporting periods are also affected, the alterations will be taken into consideration in the current and following periods. The critical assumptions, estimates and accounting judgments 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 litigation as well as the calculations used to determine the recoverability of goodwill and the intangible assets capitalized in the course of the initial consolidation. In addition, impairment tests for investments in associates are subject to assumptions and estimates. The actual amounts 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 section currencies.

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.

Amendments to IAS 1 (Disclosure of Accounting Policies; Effective from 1 January 2023)

Starting from 1st January 2023 only material accounting policies are to be disclosed in the notes. The amendments to this standard consist majorly of changes in wording, which should lead to more clarity and unity in application.

Amendments to IAS 8 (Definition of Accounting Estimates; Effective from 1 January 2023)

The aim of this amendment is to clarify the distinction between changes in accounting policies (retrospective changes) and changes in accounting estimates (prospective changes). An accounting estimation is always based on a valuation uncertainty of financial balances in the financial statements. Changes in measurement techniques to calculate an estimate represent changes in accounting estimates, if they do not result from the correction of prior period errors.

Amendments to IAS 12 (Deferred Tax arising from a Single Transaction; Effective from 1 January 2023)

The main change in deferred tax related to assets and liabilities arising from a single transaction is to narrow the scope of the initial recognition exemption provided in IAS 12.15(b) and IAS 12.24. Accordingly, the initial recognition exemption does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition. This is also explained in the newly inserted paragraph IAS 12.22A.

Amendment to IAS 12 (International Tax Reform - Pillar 2 Model Rules, Effective from 1 January 2023)

This amendment is intended to create a temporary exception for the recognition of deferred taxes if they arise from income taxes in connection with the Pillar 2 model rules. It also introduces targeted disclosure requirements to help investors better understand the impact of supplementary taxes on the company resulting from the reform, in particular before the country-specific legislation implementing the minimum taxation comes into force. As at 30 September 2023, this amendment has not yet been adopted into European law.

IFRS 17 (Insurance Contracts; Effective from 1 January 2023)

IFRS 17 covers recognition and measurement, presentation and disclosure of insurance contracts. The aim of IFRS 17 consists of provision of relevant information by the financial statement preparing companies and thus a credible presentation of insurance contracts. This information should be the basis for users of financial statements to accurately evaluate the impact of insurance contracts on the financial position, financial performance and cash flows of companies. On adopting of IFRS 17, RBI's equity increased by € 6 million as at 1 January 2023.

Standards and interpretations not yet applicable

Information on this can be found in the Annual Report 2022, chapter principles underlying the consolidated financial statements. In addition, the IASB published the following standards in 2023, which have not yet been endorsed by the EU:

Amendment to IAS 7 and IFRS 7 (Supplier Finance Arrangements; Effective from 1 January 2024)

The amendment aims to improve transparency with regard to the effects of supplier financing arrangements on an entity's liabilities, cash flows and liquidity risk. For this purpose, existing disclosure requirements are supplemented by additional and mandatory qualitative and quantitative disclosures.

Amendment to IAS 21 (Lack of Exchangeability for Foreign Currencies, Effective from 1 January 2025)

This amendment leads to clearer requirements for businesses on how to evaluate if a currency is exchangeable into another currency. Additionally, this change leads to clarifications on how to determine the exchange rate to be used and what disclosure are required, if it was beforehand assessed that a currency lacks exchangeability.

Adjustment of previous-year figures according to IAS 8

As disclosed in the Semi-Annual Report 2022, the outbreak of war in Ukraine in the first quarter of 2022 led to the local management of the Ukrainian subsidiary bank having to thoroughly revise the business model and align it with the new framework conditions. In this context, on 1 April 2022 government bonds were reclassified from the fair value through other comprehensive income measurement category to the amortized cost measurement category.

In accordance with IFRS 9 4.4.1, an entity is required to reclassify financial assets if the entity changes its business model for managing that financial asset. However, this may only be done if it has been determined by the senior management of the company as a result of external or internal changes and is significant for the company's operations and can be demonstrated to external parties.

While IFRS does not contain specific rules on the level of the entity at which these requirements must be met, RBI considered it appropriate to evaluate them at the level of the cash generating unit and thus the Ukrainian subsidiary bank. Subsequently, RBI noted that in the regulatory banking environment the picture of a more restrictive interpretation of the provisions increasingly emerged, which focused on the overall group as the level of assessment. As a result, RBI retrospectively corrected the reclassification on group level in the fourth quarter of 2022.

The changes that would have resulted from that correction in the Third Quarter Report 2022 would have been as follows:

in € million	30/9/2022	Adjustment	30/9/2022 (adjusted)
Financial assets - amortized cost	**144,754**	**(137)**	**144,617**
Bonds to general governments	14,340	(137)	14,203
Financial assets - fair value through other comprehensive income	**3,398**	**140**	**3,538**
Bonds to general governments	2,321	140	2,461
Total assets	**219,834**	**3**	**219,837**

in € million	30/9/2022	Adjustment	30/9/2022 (adjusted)
Equity	**19,385**	**3**	**19,388**
Cumulative other comprehensive income	(2,193)	2	(2,191)
Non-controlling interests	1,077	1	1,078
Total equity and liabilities	**219,834**	**3**	**219,837**

As stated above, the correction occurred in the fourth quarter of 2022 and was therefore already included in the Annual Report 2022. Therefore, there was no impact on the vast majority of the previous periods disclosed in this interim report. In those cases where previous year's periods were affected by the reclassification, an adjustment was made. The corresponding indications can be found in the footnotes to the respective notes.

Currencies

	2023		2022	
	As at	Average	As at	Average
Rates in units per €	**30/9**	**1/1-30/9**	**31/12**	**1/1-30/9**
Albanian lek (ALL)	106.630	110.399	114.230	119.615
Belarusian ruble (BYN)	3.465	3.181	2.916	2.794
Bosnian marka (BAM)	1.956	1.956	1.956	1.956
Bulgarian lev (BGN)	-	-	1.956	1.956
Croatian kuna (HRK)	-	-	7.535	7.538
Polish zloty (PLN)	4.628	4.583	4.681	4.679
Romanian leu (RON)	4.974	4.945	4.950	4.937
Russian ruble (RUB)	103.363	89.890	77.789	74.170
Serbian dinar (RSD)	117.200	117.271	117.322	117.523
Czech koruna (CZK)	24.339	23.819	24.116	24.637
Ukrainian hryvnia (UAH)	38.554	39.545	38.951	33.061
Hungarian forint (HUF)	389.500	382.208	400.870	386.760
US dollar (USD)	1.059	1.080	1.067	1.064

In the context of the geopolitical situation, RBI is exposed to increased risks related to foreign currency translations. The ECB stopped publishing an official EUR/RUB exchange rate, and an actual and factually achievable exchange rate (e.g. provided by Refinitiv or Electronic Broking Service (EBS): 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). RBI is exposed to these risks particularly in the translation of monetary items denominated in a foreign currency and in the translation of fully consolidated foreign business operations. RBI uses the off-shore rate for both the translation of monetary items outside of Russia and the translation of the fully consolidated foreign business operation in Russia. As at 30 September 2023, the EUR/RUB exchange rate used by RBI (off-shore rate) was 103.36 and that of the Russian central bank (on-shore rate) was 103.16. For the Belarusian ruble and the Ukrainian hryvnia, the rates published by the respective central bank continued to be considered suitable rates by RBI.

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 must examine on an ongoing basis whether the exchange rate used represents the correct rate in accordance with IAS 21. Further information on underlying estimations and assumptions made by RBI can be found in the Annual Report 2022.

Consolidated group

	Fully consolidated	
Number of units	**30/9/2023**	**31/12/2022**
As at beginning of period	**192**	**204**
Included for the first time in the financial period	8	7
Merged in the financial period	(1)	(4)
Excluded in the financial period	(4)	(15)
As at end of period	**195**	**192**

Included units

Company, domicile (country)	Share	Included as of	Reason
Companies rendering bank-related ancillary services			
RBI Retail Innovation GmbH, Vienna (AT)	100.0%	1/1	Materiality
Limited Liability Company RB-Digital, Moscow (RU)	100.0%	13/7	Foundation
Other companies			
Neu-Marx Holding Eins GmbH & Co KG, Vienna (AT)	100.0%	1/1	Materiality
Neu-Marx Holding Zwei GmbH & Co KG, Vienna (AT)	100.0%	1/1	Materiality
Neu-Marx Immobilien Eins GmbH & Co KG, Vienna (AT)	100.0%	1/1	Materiality
Neu-Marx Immobilien Zwei GmbH & Co KG, Vienna (AT)	100.0%	1/1	Materiality
INFRA MI 1 Immobilien Gesellschaft mbH, Vienna (AT)	100.0%	1/1	Materiality
Raiffeisen WohnBau Zwei GmbH, Vienna (AT)	100.0%	1/1	Materiality

Excluded units

Company, domicile (country)	Share	Excluded as of	Reason
Banks			
RBA Banka, Novi Sad (former Crédit Agricole Srbija AD) (RS)	100.0%	30/4	Merger
Financial institutions			
Equa Sales & Distribution s.r.o., Prague (CZ)	75.0%	1/5	Liquidation
Orestes Immobilienleasing GmbH & Co. Projekt Wiesbaden KG, Kriftel (DE)	6.0%	1/2	Materiality
Ostarrichi Immobilienleasing GmbH & Co. Projekt Langenbach KG, Kriftel (DE)	100.0%	1/3	Materiality
Raiffeisen-Leasing Litauen UAB, Vilnius (LT)	92.3%	1/7	Sale

Consequences and analysis of the armed conflict between Russia and Ukraine

Going Concern

The RBI Board of Management has prepared the consolidated financial statements as at 30 September 2023 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 war zone including the threat of cyberattacks. The 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 (31 October 2023) of the interim report to be issued.

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 due to 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.

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, profit distributions and free accountability of capital shares.

Concentration risk

Due to the 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 a breakdown of the net carrying amount of loans and advances and debt securities based on IFRS measurement categories as well as the nominal value of the off-balance exposure after impairments. The second table shows the concentration risk on counterparty level, whereby derivatives of the trading book are shown separately. Both tables are based on country view based on IFRS 8 segmentation.

in € million	30/9/2023 Russia	Ukraine	Belarus	Total	31/12/2022 Russia	Ukraine	Belarus	Total
Financial assets - amortized cost	12,946	3,273	1,011	17,229	15,937	3,041	1,174	20,153
Financial assets - fair value through other comprehensive income	3	252	1	256	2	119	131	253
Non-trading financial assets - mandatorily fair value through profit/loss	3	0	0	3	2	0	0	2
Financial assets - designated fair value through profit/loss	0	0	0	0	0	0	0	0
Financial assets - held for trading	44	187	4	236	304	164	5	473
On-balance	**12,996**	**3,712**	**1,015**	**17,724**	**16,245**	**3,325**	**1,310**	**20,880**
Loan commitments, financial guarantees and other commitments	2,873	811	392	4,077	3,294	770	369	4,433
Total	**15,870**	**4,523**	**1,408**	**21,800**	**19,539**	**4,095**	**1,679**	**25,313**

in € million	30/9/2023 Russia	Ukraine	Belarus	Total	31/12/2022 Russia	Ukraine	Belarus	Total
Derivatives	33	5	0	38	244	8	0	252
Central banks	788	969	0	1,757	732	774	0	1,506
General governments	175	1,089	141	1,405	212	655	262	1,130
Banks	5,505	222	162	5,889	5,758	260	320	6,337
Other financial corporations	179	39	10	229	642	52	1	694
Non-financial corporations	3,710	1,255	486	5,451	4,799	1,433	467	6,699
Households	2,606	132	216	2,954	3,859	142	260	4,261
On-balance	**12,996**	**3,712**	**1,015**	**17,724**	**16,245**	**3,325**	**1,310**	**20,880**
Loan commitments, financial guarantees and other commitments	2,873	811	392	4,077	3,294	770	369	4,433
Total	**15,870**	**4,523**	**1,408**	**21,800**	**19,539**	**4,095**	**1,679**	**25,313**

Valuation of collateral in Ukraine

In Ukraine, there were 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 these reasons in occupied regions, non-eligible status was applied, and in regions with high risk of hostility or occupation significantly increased discounts were applied. For other areas of Ukraine, there are ongoing on-site visits, and the valuation of real estate was fully restored. The Ukrainian economy is adapting to military conditions.

Impairment test for tangible fixed assets

Due to the war between Russia and the Ukraine, tangible and intangible 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 written off to zero in the previous year. All other tangible fixed assets were assessed individually and adjusted if damage occurred. This resulted in impairments of less than € 1 million in the first three quarters of 2023 (previous-year period: € 5 million). Due to changes in market prices, interest rates, rental prices and vacant properties, as a result of the geopolitical situation and a more detailed appraisal the impairment test for tangible fixed assets in Russia resulted in impairment losses below € 1 million (previous year period: € 0 million). The impairment test for intangible fixed assets did not result in any impairment losses in either the reporting period or the comparable period.

For the effects on the models for calculating impairments in accordance with IFRS 9, please refer to notes (30) Forward-looking information.

Notes to the income statement

(1) Net interest income

in € million	1/1-30/9/2023	1/1-30/9/2022[1]
Interest income according to effective interest method	**6,172**	**4,622**
Financial assets - fair value through other comprehensive income	102	76
Financial assets - amortized cost	6,070	4,545
Interest income other	**1,631**	**476**
Financial assets - held for trading	220	83
Non-trading financial assets - mandatorily fair value through profit/loss	23	22
Financial assets - designated fair value through profit/loss	4	4
Derivatives – hedge accounting, interest rate risk	340	141
Other assets	1,044	102
Interest income on financial liabilities	1	123
Interest expenses	**(3,613)**	**(1,506)**
Financial liabilities - amortized cost	(2,701)	(1,190)
Financial liabilities - held for trading	(255)	(9)
Financial liabilities - designated fair value through profit/loss	(30)	(29)
Derivatives – hedge accounting, interest rate risk	(611)	(214)
Other liabilities	(11)	(7)
Interest expenses on financial assets	(7)	(58)
Total	**4,190**	**3,591**

1 Adjustment of previous-year figures in accordance to IAS 8 (for details, see the section adjustment of previous-year figures in accordance to IAS 8)

in € million	1/1-30/9/2023	1/1-30/9/2022
Net interest income	4,190	3,591
Average interest-bearing assets	198,694	192,052
Net interest margin	**2.81 %**	**2.49 %**

Net interest income includes interest income of € 349 million (previous-year period: € 186 million) from marked-to-market financial assets and interest expenses of € 284 million (previous-year period: € 38 million) from marked-to-market financial liabilities.

The increase in net interest income by € 599 million to € 4,190 million was mainly due to interest rates. Rising market interest rates in many of the Group's countries led to a stronger increase in interest income compared with interest expenses due to the liquidity position in the reporting period. The increases amounted to € 143 million in Hungary, € 82 million in Romania, € 64 million each in Slovakia and at head office, € 48 million in Croatia and € 33 million in Albania. In Serbia, net interest income increased by € 101 million due to the integration of Crédit Agricole Srbija AD as well as higher interest income from loans to non-financial corporations and households. In Ukraine, higher interest income from government certificates of deposit, money market business and government bonds led to an increase in net interest income of € 48 million. In Russia, however, net interest income decreased by € 62 million, driven by a 52 percent decline in loan volumes, largely due to currency effects. Net interest income in the Czech Republic also declined by € 34 million, following rising interest expenses on household customer deposits and newly issued MREL-eligible debt securities significantly outpacing the increase in interest income from repo business and customer loans. The net interest margin improved 32 basis points to 2.81 per cent, which in addition to Eastern Europe was attributable to a 208 basis point increase in Serbia, 162 basis points in Albania and a 129 basis point increase in Hungary.

(2) Dividend income

in € million	1/1-30/9/2023	1/1-30/9/2022
Financial assets - held for trading	1	1
Non-trading financial assets - mandatorily fair value through profit/loss	1	9
Financial assets - fair value through other comprehensive income	8	9
Investments in subsidiaries and associates	17	21
Total	**27**	**40**

(3) Current income from investments in associates

in € million	1/1-30/9/2023	1/1-30/9/2022
Current income from investments in associates	71	55

(4) Net fee and commission income

in € million	1/1-30/9/2023	1/1-30/9/2022
Clearing, settlement and payment services	874	823
Loan and guarantee business	165	192
Securities	122	120
Asset management	189	203
Custody and fiduciary business	61	75
Customer resources distributed but not managed	42	51
Foreign exchange business	817	1,157
Other	95	61
Total	**2,364**	**2,682**

Net fee and commission income decreased due to currency devaluations in Eastern Europe and continued to be driven by the geopolitical situation. Net income from foreign exchange business decreased by € 341 million, mainly in the spot foreign exchange business in Russia and at head office. In Russia, this development was attributable to lower volumes due to the introduction of internal transaction limits as well as lower margins in corporate customer and retail business; at head office, business also declined due to lower margins. Net income from the loan and guarantee business also declined € 27 million, most significantly at head office and in Russia. By contrast, clearing, settlement and payment services increased by € 51 million due to higher transactions, primarily at head office. Overall, net fee and commission income declined € 318 million to € 2,364 million. Russia recorded the strongest decline, while the remaining Group countries showed stable development.

Net fee and commission income from financial assets and financial liabilities that are not measured at fair value through profit or loss amounted to € 1,338 million (previous-year period: € 1,672 million).

1/1-30/9/2023 in € million	Central Europe	Southeastern Europe	Eastern Europe	Group Corporates & Markets	Corporate Center	Reconciliation	Total
Fee and commission income	**593**	**481**	**1,384**	**667**	**93**	**(104)**	**3,115**
Clearing, settlement and payment services	274	294	547	168	67	(77)	1,274
Clearing and settlement	33	33	356	0	19	(13)	428
Credit cards	43	37	16	35	4	0	135
Debit cards and other card payments	43	85	93	0	24	(22)	223
Other payment services	155	139	83	133	20	(42)	488
Loan and guarantee business	43	29	27	90	9	(5)	193
Securities	32	3	76	78	9	(14)	184
Asset management	17	20	13	249	0	0	300
Custody and fiduciary business	10	4	37	24	3	(3)	74
Customer resources distributed but not managed	25	19	27	0	0	0	71
Foreign exchange business	175	101	546	47	5	(3)	872
Other	19	9	112	10	0	(2)	148
Fee and commission expenses	**(166)**	**(149)**	**(260)**	**(239)**	**(37)**	**99**	**(750)**
Total	**427**	**332**	**1,125**	**428**	**56**	**(4)**	**2,364**

1/1-30/9/2022 in € million	Central Europe	Southeastern Europe	Eastern Europe	Group Corporates & Markets	Corporate Center	Reconciliation	Total
Fee and commission income	**556**	**489**	**1,662**	**722**	**48**	**(83)**	**3,394**
Clearing, settlement and payment services	237	299	546	141	42	(54)	1,210
Clearing and settlement	32	31	340	0	20	(12)	411
Credit cards	32	34	16	35	0	0	117
Debit cards and other card payments	34	75	115	0	19	(18)	225
Other payment services	138	159	74	106	4	(24)	456
Loan and guarantee business	45	27	36	110	0	(6)	212
Securities	29	3	78	69	6	(14)	171
Asset management	18	21	23	256	0	0	317
Custody and fiduciary business	8	3	34	45	0	(4)	86
Customer resources distributed but not managed	23	19	38	0	0	0	79
Foreign exchange business	174	107	836	87	0	(2)	1,202
Other	23	10	71	14	0	(2)	117
Fee and commission expenses	**(141)**	**(153)**	**(220)**	**(271)**	**(2)**	**75**	**(712)**
Total	**415**	**336**	**1,442**	**451**	**46**	**(8)**	**2,682**

(5) Net trading income, fair value result and net gains/losses from hedge accounting

in € million	1/1-30/9/2023	1/1-30/9/2022
Net gains/losses on financial assets and liabilities - held for trading	**(216)**	**575**
Derivatives	(89)	442
Equity instruments	31	(76)
Debt securities	44	(88)
Loans and advances	20	37
Short positions	0	5
Deposits	27	290
Debt securities issued	(237)	(3)
Other financial liabilities	(12)	(33)
Net gains/losses on non-trading financial assets - mandatorily fair value through profit or loss	**41**	**(39)**
Equity instruments	0	0
Debt securities	(12)	(8)
Loans and advances	52	(30)
Net gains/losses on financial assets and liabilities - designated fair value through profit/loss	**1**	**85**
Debt securities	0	(5)
Deposits	(4)	7
Debt securities issued	5	83
Exchange differences, net	**379**	**(150)**
Total	**205**	**471**

Net trading income and fair value result decreased € 266 million to € 205 million. The decrease was mainly driven by the market turmoil in Russia and the increase in the own credit spread following the Russian war against Ukraine in 2022.

In the area of certificate transactions booked at head office, high valuation gains were generated due to the significant increase in the own credit spread in the previous year. However, in the current year, the own risk premiums decreased by approximately 25 basis points. As a result, the risk-related valuation result decreased by € 96 million to minus € 35 million compared to the previous-year period. Excluding this effect, the trading result at head office increased by € 8 million to € 83 million, mainly due to increased trading results in interest derivatives.

Trading activities in Russia led to a decrease in trading result by € 113 million to € 129 million. This decline includes currency conversion effects of minus € 86 million, attributable to the different development of average exchange rates between the Russian ruble and the euro compared to the previous year, following a significant depreciation in the second and third quarter of 2023. The currency-adjusted decline of € 27 million was mainly due to a reduced volume of customer transactions in foreign currencies.

Czech Republic recorded an increase in valuation gains related to foreign currency positions (€ 23 million), which were offset by higher currency-related valuation losses, mainly in Hungary, Ukraine, and Belarus, amounting to minus € 68 million.

Investments in venture capital funds valued at fair value generated valuation gains of € 27 million in the previous year, while losses of € 5 million were incurred in the current year.

Net gains/losses from hedge accounting

in € million	1/1-30/9/2023	1/1-30/9/2022
Fair value changes of the hedging instruments	280	18
Fair value changes of the hedged items attributable to the hedged risk	(292)	(37)
Ineffectiveness of cash flow hedge recognized in profit or loss	0	(2)
Total	**(12)**	**(21)**

(6) Other net operating income

in € million	1/1-30/9/2023	1/1-30/9/2022
Gains/losses on derecognition of not modified financial assets and liabilities - not measured at fair value through profit/loss	**(19)**	**(30)**
Debt securities	(19)	(34)
Loans and advances	(4)	0
Debt securities issued	4	4
Other financial liabilities	0	0
Gains/losses on derecognition of non-financial assets held for sale	**3**	**(23)**
Investment property	1	0
Intangible fixed assets	0	(27)
Other assets	3	4
Net income arising from non-banking activities	**16**	**9**
Sales revenues from non-banking activities	91	91
Expenses from non-banking activities	(75)	(83)
Net income from additional leasing services	**18**	**17**
Revenues from additional leasing services	39	32
Expenses from additional leasing services	(21)	(14)
Net income from insurance contracts	**10**	**9**
Net rental income from investment property incl. operating lease (real estate)	**45**	**38**
Net rental income from investment property	15	13
Income from rental real estate	16	12
Expenses from rental real estate	(2)	(3)
Income from other operating lease	20	21
Expenses from other operating lease	(3)	(5)
Net expense from allocation and release of other provisions	**(34)**	**11**
Other operating income/expenses	**18**	**(1)**
Total	**57**	**30**
Other operating income	303	284
Other operating expenses	(245)	(254)

Other net operating income increased by € 27 million to € 57 million. In the previous-year period, the early derecognition of intangible assets at head office resulted in a loss of € 27 million. Losses from the sale of debt securities in Russia amounting to € 12 million also impacted earnings in the previous year. In the reporting period, other provisions of € 34 million were allocated for pending legal issues in Russia and Austria.

(7) General administrative expenses

in € million	1/1-30/9/2023	1/1-30/9/2022
Staff expenses	(1,660)	(1,432)
Other administrative expenses	(871)	(804)
Depreciation of tangible and intangible fixed assets	(343)	(338)
Total	**(2,874)**	**(2,574)**

Staff expenses

in € million	1/1-30/9/2023	1/1-30/9/2022
Wages and salaries	(1,282)	(1,110)
Social security costs and staff-related taxes	(308)	(262)
Other voluntary social expenses	(40)	(37)
Expenses for defined contribution pension plans	(12)	(10)
Expenses/income from defined benefit pension plans	0	(8)
Expenses for post-employment benefits	(9)	(9)
Expenses for other long-term employee benefits excl. deferred bonus program	(4)	8
Staff expenses under deferred bonus program	(4)	(4)
Termination benefits	(1)	(1)
Total	**(1,660)**	**(1,432)**

Staff expenses rose € 228 million to € 1,660 million, mainly in Russia (up € 110 million) due to higher salaries and social security costs, provisions for one-off payments and an increase in headcount, primarily in the IT area. At head office, the increase of € 44 million was mainly due to higher salaries and increased headcount.

Other administrative expenses

in € million	1/1-30/9/2023	1/1-30/9/2022
Office space expenses	(81)	(75)
IT expenses	(270)	(265)
Legal, advisory and consulting expenses	(161)	(124)
Advertising, PR and promotional expenses	(80)	(75)
Communication expenses	(58)	(56)
Office supplies	(14)	(15)
Car expenses	(8)	(8)
Security expenses	(20)	(20)
Traveling expenses	(13)	(7)
Training expenses for staff	(12)	(9)
Other non-income related taxes	(61)	(56)
Sundry administrative expenses	(93)	(97)
Total	**(871)**	**(804)**
hereof expenses for short-term leases	(12)	(10)
hereof expenses for leases of low-value assets	(3)	(4)

The main drivers of the € 67 million rise in other administrative expenses were higher legal, advisory and consulting expenses (up € 30 million) and increased communication and IT expenses at head office (up € 5 million). Other administrative expenses also increased in Hungary and Poland (up € 17 million). The item other non-income-related taxes includes the Hungarian financial transaction tax in the amount of € 51 million.

Depreciation of tangible and intangible fixed assets

in € million	1/1-30/9/2023	1/1-30/9/2022
Tangible fixed assets	(176)	(175)
hereof right-of-use assets	(61)	(62)
Intangible fixed assets	(166)	(163)
Total	**(343)**	**(338)**

(8) Other result

in € million	1/1-30/9/2023	1/1-30/9/2022
Net modification gains/losses	**(6)**	**(3)**
Gains/losses from changes in present value of non-substantially modified contracts	(7)	(4)
Gains/losses from derecognition due to substantial modification of contract terms	1	1
Impairment or reversal of impairment on investments in subsidiaries and associates	**24**	**(39)**
Impairment on non-financial assets	**(2)**	**(5)**
Goodwill	0	0
Other	(2)	(5)
Result from non-current assets and disposal groups classified as held for sale and deconsolidation	**0**	**8**
Net income from non-current assets and disposal groups classified as held for sale	1	3
Result of deconsolidations	0	6
Expenses for credit-linked, portfolio-based litigations and annulments	**(605)**	**(187)**
Total	**(589)**	**(225)**

In the reporting period, expenses for credit-linked and portfolio-based litigation provisions and annulments of € 605 million mainly resulted from pending and expected legal proceedings in Poland totaling € 600 million (previous-year period: € 186 million) in connection with mortgage loans denominated in foreign currencies or linked to a foreign currency. The expense posted in Poland amounting to € 600 million resulted from an update of input factors in the model calculation (significant increase in the number of expected legal cases and higher loss rate) and from losses related to annulments of loan agreements.

The item impairment or reversal of impairment on investments in subsidiaries and associates amounting to plus € 24 million (previous-year period: minus € 39 million) in the current period mainly included the measurement of investments in companies valued at equity - in particular investments in LEIPNIK-LUNDENBURGER INVEST Beteiligungs AG and Oesterreichische Kontrollbank AG - of plus € 22 million (previous-year period: minus € 16 million). The impairment losses in the previous-year period were mainly due to deteriorating economic conditions caused by the geopolitical situation and the development of energy and commodity prices. Reversals of impairment losses on investments in subsidiaries amounted to € 2 million in the reporting period; in the previous-year period, by contrast, impairment losses of € 23 million were recognized - mainly on investments held by head office and a real estate company.

(9) Governmental measures and compulsory contributions

in € million	1/1-30/9/2023	1/1-30/9/2022
Governmental measures	**(94)**	**(81)**
Bank levies	(94)	(81)
Compulsory contributions	**(165)**	**(204)**
Resolution fund	(74)	(89)
Deposit insurance fees	(91)	(107)
Other compulsory contributions	0	(8)
Total	**(259)**	**(285)**

(10) Impairment losses on financial assets

in € million	1/1-30/9/2023	1/1-30/9/2022[1]
Loans and advances	(233)	(511)
Debt securities	(50)	(155)
Loan commitments, financial guarantees and other commitments given	32	(56)
Total	**(251)**	**(721)**
hereof financial assets - fair value through other comprehensive income	1	6
hereof financial assets - amortized cost	(285)	(672)

1 Adjustment of previous-year figures in accordance to IAS 8 (for details, see the section adjustment of previous-year figures in accordance to IAS 8)

The significantly lower risk costs compared to the previous year affected the Eastern Europe segment, with € 225 million, of which € 147 million were attributed to Russia (previous-year period: € 299 million) and € 74 million to Ukraine (previous-year period: € 247 million). In Russia, provisions of € 92 million were made for Stage 1 and Stage 2, particularly for non-financial corporations subject to sanctions, while € 55 million were booked for Stage 3 (default), mainly for households. In Ukraine,

€ 46 million were booked for Stage 1 and Stage 2, primarily for governments and non-financial corporations, and € 29 million for Stage 3, mainly for defaulted loans to non-financial corporations.

Further details are shown under (13) Financial assets - amortized cost.

(11) Taxes

in € million	1/1-30/9/2023	1/1-30/9/2022
Current income taxes	(667)	(698)
Austria	(15)	(13)
Foreign	(652)	(685)
Deferred taxes	11	109
Total	**(657)**	**(589)**
Effective tax rate	22.4 %	19.4 %

Income taxes increased € 68 million to € 657 million. This was mainly due to the significant increase in profit, particularly in the Southeastern Europe segment (up € 55 million). In Central Europe segment, the increased taxes (up € 19 million) were also related to the increase in profit mainly in Slovakia and to a smaller extent to the introduction of a special tax (windfall tax) in the Czech Republic. In the Eastern Europe segment, the income taxes reduced € 9 million. This was due to the lower current taxes of € 88 million resulting from the profit decrease in Russia (€ 438 million), which was partly compensated by the introduction of a special tax (€ 47 million). Additionally, a positive profit development in Ukraine led to an increase of € 36 million. At 22.4 per cent, the effective tax rate was more than 3 percentage points higher than in the comparable period, mainly due to non-tax-deductible expenses related to credit-linked and portfolio-based litigation provisions and annulments of loan agreements amounting to € 600 million (previous-year period: € 186 million) in Poland, as well as the newly introduced special taxes in Russia and the Czech Republic.

Tax assets

in € million	30/9/2023	31/12/2022
Current tax assets	90	100
Deferred tax assets	243	269
Tax claims from temporary differences	227	249
Loss carry forwards	16	20
Total	**333**	**369**

Tax liabilities

in € million	30/9/2023	31/12/2022
Current tax liabilities	187	181
Deferred tax liabilities	35	36
Total	**222**	**217**

Financial assets measured at amortized cost

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

in € million	30/9/2023	31/12/2022
Cash in hand	4,973	5,095
Balances at central banks	22,237	32,984
Other demand deposits at banks	18,077	15,604
Total	**45,286**	**53,683**

The item cash, balances at central banks and other demand deposits at banks decreased € 8,397 million. This decrease resulted from lower balances at central banks (down € 10,747 million), mainly from head office at € 10,244 million. This item also includes the part of the minimum reserve, which is not freely available, and which amounted to € 21 million on the reporting date (previous year: € 20 million). The item other demand deposits at banks showed an increase of € 2,473 million.

Under the item cash in hand, Ukraine, Russia, and Belarus reported a total of € 2,679 million, and Russia accounted for the largest portion.

On the reporting date, Ukraine, Russia, and Belarus reported cash and cash equivalents of € 1,880 million that are currently subject to legal restrictions and are therefore not available for general use by head office.

(13) Financial assets – amortized cost

	30/9/2023			31/12/2022		
in € million	Gross carrying amount	Accumulated impairment	Carrying amount	Gross carrying amount	Accumulated impairment	Carrying amount
Debt securities	**25,124**	**(215)**	**24,909**	**19,117**	**(157)**	**18,960**
Central banks	5	0	5	4	0	4
General governments	20,448	(81)	20,367	14,627	(46)	14,581
Banks	2,737	(1)	2,736	2,668	(1)	2,667
Other financial corporations	1,152	(73)	1,080	988	(52)	936
Non-financial corporations	781	(61)	720	830	(58)	771
Loans and advances	**120,003**	**(2,887)**	**117,115**	**121,443**	**(2,973)**	**118,471**
Central banks	8,931	0	8,931	8,814	0	8,814
General governments	2,044	(2)	2,042	2,149	(7)	2,143
Banks	6,803	(19)	6,784	6,913	(13)	6,901
Other financial corporations	12,439	(140)	12,299	11,508	(148)	11,360
Non-financial corporations	49,178	(1,545)	47,633	50,358	(1,609)	48,749
Households	40,608	(1,182)	39,426	41,701	(1,196)	40,505
Total	**145,127**	**(3,102)**	**142,024**	**140,561**	**(3,130)**	**137,431**

The carrying amount of the item financial assets – amortized cost increased € 4,594 million compared to year-end 2022.

The increase in debt securities of € 5,949 million resulted predominantly from purchases of government bonds (up € 5,786 million), mainly in the Czech Republic (up € 2,255 million), at head office (up € 1,191 million), in Slovakia (up € 798 million) and Croatia (up € 360 million).

The lending business showed a decrease of € 1,355 million, primarily derived from a significant reduction of the lending volume in Russia. Loans to non-financial corporations decreased € 1,116 million; a loan volume increase in Romania (up € 342 million) and the Czech Republic (up € 189 million), was contrasted by a decrease in Russia (down € 1,053 million) and at head office (down € 599 million). Loans to households decreased € 1,079 million, mainly in Eastern Europe (down € 1,307 million), primarily in Russia (down € 1,253 million), and also in Poland (down € 555 million) due to higher allocations for credit-linked and portfolio-based litigation provisions in connection with mortgage loans denominated in foreign currencies (CHF), which was partly offset by increases in other countries of the group, especially in Austria (Raiffeisen Bausparkasse Gesellschaft m.b.H.; up € 268 million) and in Croatia (up € 156 million). The short-term business increased € 840 million, mainly at head office (up € 561 million) and in Serbia (up € 353 million) due to higher volumes in repo business.

In addition, there are financial assets – amortized cost of € 396 million in Russia from payments by issuers of local debt instruments that cannot currently be passed on to foreign investors due to existing US and EU sanctions and are therefore deposited with the Russian Deposit Insurance Agency. They are not available for general use by head office.

RBI's credit portfolio is well diversified in terms of type of customer, geographical region, and industry. The following tables show the financial assets – amortized cost by counterparty. This reveals the bank's focus on non-financial corporations and households.

Gross carrying amount

	30/9/2023				31/12/2022			
in € million	Stage 1	Stage 2	Stage 3	POCI	Stage 1	Stage 2	Stage 3	POCI
Central banks	8,825	110	0	0	8,680	138	0	0
General governments	21,435	884	173	0	15,653	954	169	0
Banks	8,412	1,123	5	0	9,236	342	4	0
Other financial corporations	11,374	2,033	82	104	10,010	2,311	75	100
Non-financial corporations	39,147	9,397	1,231	184	38,774	10,802	1,477	135
Households	30,260	9,180	1,046	122	33,385	7,135	1,047	134
hereof mortgage	20,685	6,620	369	81	22,770	5,463	385	90
Total	**119,454**	**22,726**	**2,537**	**410**	**115,737**	**21,681**	**2,772**	**370**

Accumulated impairments

	30/9/2023				31/12/2022			
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	(6)	(77)	0	0	(5)	(42)	(5)	0
Banks	(1)	(16)	(3)	0	(1)	(9)	(4)	0
Other financial corporations	(31)	(108)	(46)	(29)	(15)	(136)	(34)	(15)
Non-financial corporations	(201)	(520)	(821)	(63)	(165)	(495)	(941)	(66)
Households	(142)	(326)	(682)	(32)	(145)	(327)	(688)	(36)
hereof mortgage	(27)	(105)	(176)	(19)	(35)	(140)	(201)	(23)
Total	**(380)**	**(1,046)**	**(1,552)**	**(124)**	**(332)**	**(1,010)**	**(1,671)**	**(117)**

ECL coverage ratio

	30/9/2023				31/12/2022			
	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	0.0 %	8.7 %	0.0 %	1.0 %	0.0 %	4.4 %	3.0 %	0.0 %
Banks	0.0 %	1.4 %	62.8 %	-	0.0 %	2.6 %	81.9 %	-
Other financial corporations	0.3 %	5.3 %	56.4 %	27.7 %	0.2 %	5.9 %	44.7 %	15.0 %
Non-financial corporations	0.5 %	5.5 %	66.7 %	34.3 %	0.4 %	4.6 %	63.7 %	48.7 %
Households	0.5 %	3.6 %	65.2 %	26.3 %	0.4 %	4.6 %	65.7 %	26.9 %
hereof mortgage	0.1 %	1.6 %	47.7 %	24.1 %	0.2 %	2.6 %	52.2 %	25.5 %
Total	**0.3 %**	**4.6 %**	**61.2 %**	**30.3 %**	**0.3 %**	**4.7 %**	**60.3 %**	**31.7 %**

Development of impairments

Development of impairments on loans and bonds in the measurement categories of financial assets – amortized cost, financial assets – fair value through other comprehensive income and 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 1/1/2023	**333**	**1,026**	**1,673**	**117**	**3,150**
Increases due to origination and acquisition	197	107	12	0	316
Decreases due to derecognition	(55)	(126)	(214)	(15)	(410)
Changes due to change in credit risk (net)	(73)	38	277	26	268
Changes due to modifications without derecognition (net)	0	0	4	0	3
Decrease due to write-offs	0	(2)	(157)	(8)	(167)
Changes due to model/risk parameters	11	28	9	0	49
Change in consolidated group	0	4	1	(4)	1
Foreign exchange and other	(32)	(6)	(51)	6	(82)
As at 30/9/2023	**381**	**1,069**	**1,553**	**124**	**3,127**
hereof fair value through other comprehensive income	1	12	1	0	14
hereof other demand deposits at banks	0	11	1	0	11

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**
hereof fair value through other comprehensive income	1	1	0	0	1
hereof other demand deposits at banks	0	0	1	0	1

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

The credit quality analysis of financial assets is a point in time assessment of the probability of default of the assets.

- 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).

The following table shows the connection between the rating categories and stages according to IFRS 9. It should be noted that for financial assets in Stage 1 and Stage 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.

30/9/2023 in € million	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	POCI Lifetime ECL	Total
Excellent	20,300	229	0	0	20,529
Strong	36,099	3,160	0	1	39,260
Good	38,697	8,598	0	8	47,303
Satisfactory	19,816	6,811	0	14	26,641
Substandard	2,414	3,647	0	17	6,079
Credit impaired	0	0	2,475	357	2,832
Not rated	2,127	282	63	12	2,483
Gross carrying amount	**119,454**	**22,726**	**2,537**	**410**	**145,127**
Accumulated impairment	(380)	(1,046)	(1,552)	(124)	(3,102)
Carrying amount	**119,073**	**21,680**	**986**	**286**	**142,024**

31/12/2022 in € million	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	POCI Lifetime ECL	Total
Excellent	18,434	601	0	0	19,035
Strong	37,450	3,772	0	4	41,226
Good	35,444	6,956	0	6	42,406
Satisfactory	19,230	6,738	0	13	25,982
Substandard	2,212	3,322	0	20	5,553
Credit impaired	0	0	2,667	304	2,970
Not rated	2,966	292	106	24	3,388
Gross carrying amount	**115,737**	**21,681**	**2,772**	**370**	**140,561**
Accumulated impairment	(332)	(1,010)	(1,671)	(117)	(3,130)
Carrying amount	**115,405**	**20,672**	**1,101**	**253**	**137,431**

The category not rated includes, on the one hand, financial assets for households (mainly in Serbia, Slovakia and Croatia), for which ratings are not yet available and whose classification is therefore based on qualitative factors and, on the other hand, financial assets from Russia that currently have to be deposited with the Russian Deposit Insurance Agency due to US and EU sanctions.

(14) Financial liabilities - amortized cost

in € million	30/9/2023	31/12/2022
Deposits from banks	**29,279**	**33,612**
Current accounts/overnight deposits	14,768	13,552
Deposits with agreed maturity	11,469	17,590
Repurchase agreements	3,041	2,470
Deposits from customers	**121,145**	**125,017**
Current accounts/overnight deposits	83,742	93,686
Deposits with agreed maturity	36,188	31,214
Repurchase agreements	1,215	117
Debt securities issued	**18,144**	**14,559**
Covered bonds	3,736	2,494
Hybrid contracts	513	483
Other debt securities issued	13,894	11,583
hereof convertible compound financial instruments	1,722	1,348
hereof non-convertible	12,172	10,235
Other financial liabilities	**1,321**	**1,955**
Total	**169,888**	**175,142**
hereof subordinated financial liabilities	2,632	2,614
hereof lease liabilities	376	394

Within the item deposits from banks, current accounts/overnight deposits increased € 973 million at head office. This contrasted with a decline in deposits with agreed maturity, including particularly € 6,118 million at head office and € 337 million in Slovakia. In both cases, the decrease was mainly due to redemptions of TLTRO instruments. In the current year, a volume of € 4,300 million at head office and a volume of € 440 million in Slovakia was amortized. Less the repayments, the group holds a volume of € 450 million maturing December 2023, € 2,400 million maturing March 2024, € 425 million maturing June 2024 and € 37 million maturing December 2024. At reporting date, RBI intends to repay early € 200 million of the tranche maturing March 2024 and € 425 million of the tranche maturing June 2024. In any case, early repayments are subject to the liquidity position and the regulatory benefit, therefore plans for early repayments at reporting date may be subject to change. As at the reporting date, the carrying amount of longer-term financing transactions from the ECB's TLTRO III program included under deposits from banks amounted to € 3,349 million. For further information on the applied accounting method for TLTRO instruments, please refer to the Annual Report 2022.

Current accounts/overnight deposits from customers decreased group-wide (down € 9,945 million). A contrasting trend was evident in deposits with agreed maturity, which increased € 4,974 million across the Group. This development was offset by declines at head office (down € 1,353 million) and in Russia (down € 414 million).

Covered bonds rose € 944 million at head office and € 453 million in Slovakia. Issuances at head office (up € 1,282 million), in Slovakia (up € 331 million) and in Croatia (up € 307 million) were the main driver for the increase in non-convertible debt securities.

Other financial liabilities decreased particularly sharply in Russia due to pending transactions and amounts to be disbursed.

Deposits from banks and customers by asset classes:

in € million	30/9/2023	31/12/2022
Central banks	4,124	8,915
General governments	4,219	2,892
Banks	25,155	24,697
Other financial corporations	13,593	13,208
Non-financial corporations	45,813	50,041
Households	57,519	58,876
Total	**150,424**	**158,629**

(15) Fair value of financial instruments not reported at fair value

30/9/2023 in € million	Level I	Level II	Level III	Fair value	Carrying amount	Difference
Assets						
Cash, balances at central banks and other demand deposits	**0**	**45,286**	**0**	**45,286**	**45,286**	**0**
Financial assets - amortized cost	**19,974**	**2,362**	**116,593**	**138,929**	**142,024**	**(3,095)**
Debt securities	19,974	2,362	1,967	24,303	24,909	(605)
Loans and advances	0	0	114,625	114,625	117,115	(2,490)
Equity and liabilities						
Financial liabilities - amortized cost	**568**	**15,531**	**152,154**	**168,254**	**169,512**	**(1,259)**
Deposits from banks and customers[1]	0	0	149,416	149,416	150,048	(632)
Debt securities issued	568	15,531	1,417	17,517	18,144	(627)
Other financial liabilities	0	0	1,321	1,321	1,321	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

31/12/2022 in € million	Level I	Level II	Level III	Fair Value	Carrying amount	Difference
Assets						
Cash, balances at central banks and other demand deposits	**0**	**53,683**	**0**	**53,683**	**53,683**	**0**
Financial assets - amortized cost	**15,260**	**1,452**	**116,767**	**133,479**	**137,431**	**(3,951)**
Debt securities	15,260	1,452	1,426	18,138	18,960	(822)
Loans and advances	0	0	115,341	115,341	118,471	(3,130)
Equity and liabilities						
Financial liabilities - amortized cost	**263**	**13,676**	**160,571**	**174,510**	**174,748**	**(238)**
Deposits from banks and customers[1]	0	0	157,675	157,675	158,235	(560)
Debt securities issued	263	13,676	942	14,881	14,559	322
Other financial liabilities	0	0	1,955	1,955	1,955	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

Financial assets measured at fair value

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

30/9/2023 in € million	Gross carrying amount	Accumulated impairment	Cumulative other comprehensive income	Carrying amount
Equity instruments	**184**	**–**	**–**	**184**
Banks	0	–	–	0
Other financial corporations	101	–	–	101
Non-financial corporations	83	–	–	83
Debt securities	**2,899**	**(14)**	**(66)**	**2,819**
General governments	2,080	(11)	(54)	2,015
Banks	693	(1)	(10)	682
Other financial corporations	3	0	0	3
Non-financial corporations	124	(2)	(3)	119
Total	**3,083**	**(14)**	**(66)**	**3,003**

31/12/2022 in € million	Gross carrying amount	Accumulated impairment	Cumulative other comprehensive income	Carrying amount
Equity instruments	**169**	**–**	**–**	**169**
Banks	0	–	–	0
Other financial corporations	99	–	–	99
Non-financial corporations	69	–	–	69
Debt securities	**3,160**	**(15)**	**(111)**	**3,034**
General governments	2,291	(13)	(92)	2,186
Banks	730	0	(13)	717
Other financial corporations	3	0	0	3
Non-financial corporations	136	(1)	(6)	128
Total	**3,328**	**(15)**	**(111)**	**3,203**

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

30/9/2023 in € million	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	POCI Lifetime ECL	Total
Excellent	362	0	0	0	362
Strong	1,379	48	0	0	1,427
Good	621	241	0	0	862
Satisfactory	107	1	0	0	108
Substandard	30	88	0	0	118
Credit impaired	0	0	2	0	2
Not rated	20	0	0	0	20
Gross carrying amount	**2,519**	**378**	**2**	**0**	**2,899**
Accumulated impairment	(1)	(12)	(1)	0	(14)
Cumulative other comprehensive income	(73)	7	0	0	(66)
Carrying amount	**2,445**	**373**	**1**	**0**	**2,819**

31/12/2022 in € million	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	POCI Lifetime ECL	Total
Excellent	587	0	0	0	587
Strong	1,676	0	0	0	1,676
Good	714	2	0	0	716
Satisfactory	0	27	0	0	27
Substandard	0	132	0	0	132
Credit impaired	0	0	2	0	2
Not rated	19	0	0	0	19
Gross carrying amount	**2,997**	**160**	**2**	**0**	**3,160**
Accumulated impairment	(1)	(13)	(1)	0	(15)
Cumulative other comprehensive income	(115)	3	0	0	(111)
Carrying amount	**2,881**	**150**	**2**	**0**	**3,034**

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

in € million	30/9/2023	31/12/2022
Equity instruments	**7**	**6**
Other financial corporations	7	6
Non-financial corporations	0	0
Debt securities	**337**	**276**
General governments	124	69
Banks	26	12
Other financial corporations	173	182
Non-financial corporations	13	12
Loans and advances	**532**	**475**
General governments	1	1
Banks	2	2
Other financial corporations	28	30
Non-financial corporations	80	80
Households	422	362
Total	**876**	**757**

(18) Financial assets and liabilities – designated fair value through profit/loss

Financial assets - designated fair value through profit/loss

in € million	30/9/2023	31/12/2022
Debt securities	**184**	**84**
General governments	152	43
Banks	24	26
Non-financial corporations	8	15
Total	**184**	**84**

Financial liabilities - designated fair value through profit/loss

in € million	30/9/2023	31/12/2022
Deposits from banks	**19**	**29**
Deposits with agreed maturity	19	29
Deposits from customers	**88**	**82**
Deposits with agreed maturity	88	82
Debt securities issued	**1,093**	**839**
Hybrid contracts	1	1
Other debt securities issued	1,092	838
hereof non-convertible	1,092	838
Total	**1,200**	**950**
hereof subordinated financial liabilities	93	89

(19) Financial assets – held for trading

in € million	30/9/2023	31/12/2022
Derivatives	**4,476**	**5,059**
Interest rate contracts	3,515	3,912
Equity contracts	150	35
Foreign exchange rate and gold contracts	777	1,075
Credit contracts	5	11
Commodities	1	3
Other	29	23
Equity instruments	**377**	**287**
Banks	32	37
Other financial corporations	117	100
Non-financial corporations	228	149
Debt securities	**2,170**	**1,064**
Central banks	52	0
General governments	1,787	719
Banks	237	211
Other financial corporations	26	63
Non-financial corporations	69	71
Total	**7,023**	**6,411**

Within the item financial assets – held for trading, the securities pledged as collateral, which the recipient is entitled to sell or pledge, amounted to € 25 million (previous year: € 41 million).

The increase in debt securities was mainly due to the purchase of sovereign bonds at head office, partly compensated by a volume and interest-related decrease in derivatives.

Derivative financial instruments

30/9/2023	Nominal amount	Fair value	
in € million		Assets	Equity and liabilities
Trading book	**175,213**	**4,193**	**(4,054)**
Interest rate contracts	130,479	3,320	(3,510)
Equity contracts	3,719	150	(3)
Foreign exchange rate and gold contracts	39,563	690	(537)
Credit contracts	493	4	0
Commodities	24	1	0
Other	935	29	(5)
Banking book	**16,827**	**282**	**(270)**
Interest rate contracts	10,473	195	(100)
Foreign exchange rate and gold contracts	6,334	87	(162)
Credit contracts	20	1	(8)
Total	**192,039**	**4,476**	**(4,324)**
OTC products	186,700	4,464	(4,293)
Products traded on stock exchange	5,340	11	(30)

31/12/2022	Nominal amount	Fair value	
in € million		Assets	Equity and liabilities
Trading book	**149,831**	**4,601**	**(4,552)**
Interest rate contracts	99,495	3,585	(3,701)
Equity contracts	4,375	35	(2)
Foreign exchange rate and gold contracts	43,414	944	(825)
Credit contracts	1,452	11	(8)
Commodities	35	3	0
Other	1,060	23	(16)
Banking book	**56,072**	**458**	**(250)**
Interest rate contracts	48,590	326	(195)
Foreign exchange rate and gold contracts	7,466	131	(52)
Credit contracts	16	1	(4)
Total	**205,902**	**5,059**	**(4,802)**
OTC products	198,722	4,936	(4,762)
Products traded on stock exchange	4,618	87	(13)

(20) Financial liabilities - held for trading

in € million	30/9/2023	31/12/2022
Derivatives	**4,324**	**4,802**
Interest rate contracts	3,610	3,896
Equity contracts	3	2
Foreign exchange rate and gold contracts	699	877
Credit contracts	8	12
Other	5	16
Short positions	**435**	**91**
Equity instruments	5	7
Debt securities	430	83
Debt securities issued	**4,103**	**3,560**
Certificates of deposits	0	172
Hybrid contracts	4,103	3,388
Other financial liabilities	**0**	**1**
Total	**8,862**	**8,453**

(21) Hedge accounting and fair value adjustments of the hedged items in portfolio hedge

in € million	30/9/2023	31/12/2022
Positive fair values of derivatives in micro fair value hedge	**567**	**611**
Interest rate contracts	567	611
Positive fair values of derivatives in micro cash flow hedge	**1**	**1**
Interest rate contracts	1	1
Positive fair values of derivatives in net investment hedge	**7**	**4**
Positive fair values of derivatives in portfolio hedge	**885**	**991**
Cash flow hedge	98	100
Fair value hedge	787	891
Total	**1,461**	**1,608**

in € million	30/9/2023	31/12/2022
Fair value adjustments of the hedged items in portfolio hedge of interest rate risk	(790)	(947)
Total	**(790)**	**(947)**

The positive fair values of hedging instruments in micro fair value hedges decreased € 44 million to € 567 million. The decline was primarily due to Hungary (minus € 71 million) and attributable to the significantly lower level of interest rates (swap rates) compared to the previous year, despite an increased secured volume.

The positive fair values of hedging instruments in portfolio fair value and cash flow hedges decreased € 106 million to € 885 million. This reduction was primarily volume-related and attributed to interest rate derivatives in the Czech Republic (minus € 71 million), as the interest rates (swap rates) remained at levels similar to those of the previous year. Hungary also contributed to the decline in market values to a lesser extent (minus € 28 million), which was attributed to both volume and interest rate-related decreases.

The negative fair value adjustments of the hedged items in portfolio hedge of interest rate risk on the asset side recorded an opposing trend and decreased € 157 million to minus € 790 million. The decline mainly affected Russia (minus € 110 million) due to the targeted reduction of the loan portfolio, as well as Czech Republic (minus € 48 million) and Hungary (minus € 20 million).

in € million	30/9/2023	31/12/2022
Negative fair values of derivatives in micro fair value hedge	**488**	**605**
Interest rate contracts	488	605
Negative fair values of derivatives in micro cash flow hedge	**1**	**1**
Interest rate contracts	1	1
Negative fair values of derivatives in net investment hedge	**6**	**34**
Negative fair values of derivatives in portfolio hedge	**1,158**	**1,414**
Cash flow hedge	116	87
Fair value hedge	1,043	1,328
Total	**1,653**	**2,054**

in € million	30/9/2023	31/12/2022
Fair value adjustments of the hedged items in portfolio hedge of interest rate risk	(941)	(1,217)
Total	**(941)**	**(1,217)**

The negative fair values of hedging instruments in micro fair value hedges decreased € 117 million to € 488 million. The decline was primarily due to micro fair value hedges at head office, amounting to € 101 million, and resulted despite a volume-related increase in hedged interest positions from an increase in euro interest rates (swap rates) compared to the end of 2022.

The negative fair values of hedging instruments in portfolio fair value and cash flow hedges decreased € 256 million to € 1,158 million and primarily related to the Czech Republic and Hungary. Volume-related increases in both countries were offset by a decrease in interest rates (swap rates), particularly in Hungary, during the current year.

On the contrary, the negative fair value adjustments of the hedged items in portfolio hedge of interest rate risk on the liability side decreased € 276 million to minus € 941 million. This change was primarily due to the development of the market value of hedged liabilities in portfolio hedge relationships in the Czech Republic (minus € 112 million) and Hungary (minus € 154 million).

30/9/2023	Nominal amount	Fair value	
in € million		Assets	Equity and liabilities
Hedging instruments	**61,393**	**1,461**	**(1,653)**
Interest rate contracts	59,983	1,454	(1,647)
Foreign exchange rate and gold contracts	1,410	7	(6)
Total	**61,393**	**1,461**	**(1,653)**

31/12/2022	Nominal amount	Fair value	
in € million		Assets	Equity and liabilities
Hedging instruments	**52,670**	**1,608**	**(2,054)**
Interest rate contracts	51,710	1,604	(2,020)
Foreign exchange rate and gold contracts	960	4	(34)
Total	**52,670**	**1,608**	**(2,054)**

(22) Notes to 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	30/9/2023			31/12/2022		
in € million	Level I	Level II	Level III	Level I	Level II	Level III
Financial assets - held for trading	**2,212**	**4,803**	**8**	**1,010**	**5,371**	**29**
Derivatives	4	4,471	0	3	5,057	0
Equity instruments	363	14	1	271	16	0
Debt securities	1,845	318	7	736	299	29
Loans and advances	0	0	0	0	0	0
Non-trading financial assets - mandatorily fair value through profit/loss	**256**	**38**	**582**	**150**	**80**	**527**
Equity instruments	1	6	0	1	5	0
Debt securities	255	33	49	149	74	52
Loans and advances	0	0	532	0	0	475
Financial assets - designated fair value through profit/loss	**156**	**27**	**0**	**48**	**36**	**0**
Debt securities	156	27	0	48	36	0
Financial assets - fair value through other comprehensive income	**2,262**	**481**	**260**	**2,441**	**536**	**225**
Equity instruments	18	0	165	17	2	150
Debt securities	2,243	481	95	2,424	535	75
Hedge accounting	**0**	**1,461**	**0**	**0**	**1,608**	**0**

Equity and liabilities	30/9/2023			31/12/2022		
in € million	Level I	Level II	Level III	Level I	Level II	Level III
Financial liabilities - held for trading	**433**	**8,430**	**0**	**93**	**8,360**	**0**
Derivatives	3	4,321	0	6	4,796	0
Short positions	429	6	0	86	5	0
Debt securities issued	0	4,103	0	0	3,560	0
Financial liabilities - designated fair value through profit/loss	**0**	**1,200**	**0**	**0**	**950**	**0**
Deposits	0	107	0	0	111	0
Debt securities issued	0	1,093	0	0	839	0
Hedge accounting	**0**	**1,653**	**0**	**0**	**2,054**	**0**

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

As at 30 September 2023, only derived prices were available for financial instruments amounting to € 14 million. For example, the BVAL value (Bloomberg Evaluation) was used instead of the BGN value (Bloomberg Generic Price). Consequently, these bonds were reclassified from Level I to Level II. The shifts from Level II to Level I related to bonds totaling € 9 million, for which market values were available at the reporting date.

Movements of financial instruments at fair value in Level III

The total portfolio of Level III assets saw a net increase of € 68 million in the reporting period. Financial instruments mandatorily recognized at fair value increased by € 54 million net, mainly due to additions and realized profits from loans in Hungary and Austria. In the measurement category financial assets - fair value through other comprehensive income, there was a net increase of € 35 million, mainly due to additions in Romania. The volume of government bonds in the measurement category financial assets - held for trading decreased by € 21 million net, primarily due to sales in Russia. Out of the € 68 million, net increase of around € 18 million was based on exchange rate fluctuations.

Assets in € million	As at 1/1/2023	Change in consolidated group	Exchange differences	Additions	Disposals
Financial assets - held for trading	29	0	(5)	26	(40)
Non-trading financial assets - mandatorily fair value through profit/loss	527	0	(12)	45	(39)
Financial assets - designated fair value through profit/loss	0	0	0	0	0
Financial assets - fair value through other comprehensive income	225	0	(1)	28	0
Total	**781**	**0**	**(18)**	**99**	**(79)**

Assets in € million	Gains/loss in P/L	Gain/loss in other comprehensive income	Transfer to Level III	Transfer from Level III	As at 30/9/2023
Financial assets - held for trading	(3)	0	0	0	8
Non-trading financial assets - mandatorily fair value through profit/loss	50	0	0	0	582
Financial assets - designated fair value through profit/loss	0	0	0	0	0
Financial assets - fair value through other comprehensive income	0	8	0	0	260
Total	**47**	**8**	**0**	**0**	**849**

Equity and liabilities in € million[1]	As at 1/1/2023	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	Gain/loss in other comprehensive income	Transfer to Level III	Transfer from Level III	As at 30/9/2023
Financial liabilities - held for trading	0	0	0	0	0
Total	**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 30/9/2023	Fair value in € million[1]	Valuation technique	Significant unobservable inputs	Range of unobservable inputs
Financial assets - held for trading	**8**			
Supplementary capital	1	Indicative prices	Indications	–
Treasury bills, fixed coupon bonds	7	DCF method	Credit spread	0.92 - 52.19%
Forward foreign exchange contracts	0	DCF method	Interest rate	10 - 30%
Non-trading financial assets - mandatorily fair value through profit/loss	**582**			
Other interests	0	Simplified net present value method Expert opinion	–	–
Bonds, notes and other fixed-interest securities	49	Net asset value Financing auction/transaction costs Market price indication	(Auction-) Price	
Loans	532	Retail: DCF method (Black Scholes, prepayment option, withdrawal option etc.) Non-Retail: DCF method/ Financial option pricing Black Scholes (shifted), Hull-White trinominal tree	Discount spread (new business) Funding curves (liquidity costs) Credit risk premium (CDS curves)	1.10 - 3.45% over all currencies 0.20 - 4.17% over all currencies 0.19 - 9.54% (depending on the rating: from AA to CCC)
Financial assets - designated fair value through profit/loss	**0**			
Fixed coupon bonds	0	Net assets	Price	–
Financial assets - fair value through other comprehensive income	**260**			
Other interests	44	Dividend discount model Simplified income approach DCF method	Credit spread Cash flow Discount rate Dividends Beta factor	–
Other interests	62	Adjusted net asset value	Adjusted equity	–
Other interests	59	Market comparable companies Transaction price Purchase price Cost approach Valuation report (expert judgement) Cost minus impairment	EV/Sales EV/EBIT P/E P/B	–
Treasury bills, municipal bonds	95	DCF method	Interest rate	–
Total	**849**			

Equity and liabilities 30/9/2023	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	10 - 50%
Total	**0**			

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

Other assets and liabilities and equity

(23) Investments in subsidiaries and associates

in € million	30/9/2023	31/12/2022
Investments in affiliated companies	208	193
Investments in associates valued at equity	610	520
Total	**818**	**713**

(24) Tangible and intangible fixed assets

in € million	30/9/2023	31/12/2022
Tangible fixed assets	**1,645**	**1,684**
Land and buildings used by the group for own purpose	455	494
Office furniture, equipment and other tangible fixed assets	321	332
Investment property	407	389
Other leased assets (operating lease)	102	95
Right-of-use assets	360	374
Intangible fixed assets	**914**	**903**
Software	789	767
Goodwill	43	44
Brand	2	2
Customer relationships	9	13
Core deposits intangibles	54	60
Other intangible fixed assets	16	17
Total	**2,559**	**2,587**

(25) Other assets

in € million	30/9/2023	31/12/2022
Prepayments and other deferrals	353	350
Merchandise inventory and suspense accounts for services rendered not yet charged out	194	148
Other assets	851	662
Total	**1,397**	**1,159**

(26) Provisions

in € million	30/9/2023	31/12/2022
Provisions for off-balance sheet items	**200**	**245**
Other commitments and guarantees given according to IFRS 9	197	236
Other commitments and guarantees given according to IAS 37	3	10
Provisions for staff	**442**	**495**
Pensions and other post employment defined benefit obligations	169	176
Other long-term employee benefits	46	44
Bonus payments	226	272
Termination benefits	2	4
Other provisions	**889**	**739**
Pending legal issues and tax litigation	535	448
Restructuring	5	7
Onerous contracts	59	57
Other provisions	291	226
Total	**1,531**	**1,479**

Details on provisions for pending legal issues and tax litigation are available under (37) Pending legal issues.

(27) Other liabilities

in € million	30/9/2023	31/12/2022
Provisions for overdue vacations	76	72
Liabilities from insurance activities	264	271
Deferred income and accrued expenses	542	509
Sundry liabilities	1,025	363
Total	**1,908**	**1,215**

The increase in sundry liabilities was mainly due to transactions related to clearing services that had not been settled at the reporting date, especially at head office.

(28) Equity and non-controlling interests

in € million	30/9/2023	31/12/2022
Consolidated equity	16,992	16,027
Subscribed capital	1,002	1,002
Capital reserves	4,990	4,990
Retained earnings	15,670	13,637
hereof consolidated profit/loss	2,114	3,627
Cumulative other comprehensive income	(4,671)	(3,601)
Non-controlling interests	1,253	1,127
Additional tier 1	1,607	1,610
Total	**19,851**	**18,764**

As at 30 September 2023, 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 518,155, the stated subscribed capital totaled € 1,002 million.

Notes of financial instruments

(29) Loan commitments, financial guarantees and other commitments

in € million	30/9/2023	31/12/2022
Loan commitments given	36,900	37,193
Financial guarantees given	9,601	9,370
Other commitments given	4,824	4,580
Total	**51,326**	**51,143**
Provisions for off-balance sheet items according to IFRS 9	(197)	(236)

In addition to the provisions for off-balance sheet risks according to IFRS 9 presented, provisions of € 3 million were recognized for other commitments given in accordance with IAS 37 (previous year: € 10 million).

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

30/9/2023	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	294	4	29	0	0	0	0.0 %	3.2 %	0.0 %
Banks	2,103	237	0	0	(1)	0	0.0 %	0.3 %	-
Other financial corporations	5,650	799	24	(3)	(4)	(1)	0.1 %	0.5 %	2.6 %
Non-financial corporations	29,972	5,651	107	(43)	(81)	(32)	0.1 %	1.4 %	29.6 %
Households	5,352	1,088	15	(13)	(9)	(10)	0.2 %	0.8 %	69.8 %
Total	**43,372**	**7,779**	**175**	**(60)**	**(95)**	**(43)**	**0.1 %**	**1.2 %**	**24.4 %**

31/12/2022	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	0.1 %	-	-
General governments	317	6	41	0	0	0	0.0 %	2.7 %	0.0 %
Banks	1,967	307	10	0	(5)	(1)	0.0 %	1.5 %	10.0 %
Other financial corporations	5,350	1,235	7	(5)	(6)	(1)	0.1 %	0.5 %	18.1 %
Non-financial corporations	27,874	6,878	152	(45)	(94)	(43)	0.2 %	1.4 %	28.0 %
Households	5,939	1,043	16	(14)	(10)	(12)	0.2 %	0.9 %	72.3 %
Total	**41,447**	**9,470**	**227**	**(64)**	**(115)**	**(56)**	**0.2 %**	**1.2 %**	**24.9 %**

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 1/1/2023	**64**	**115**	**56**	**236**
Increases due to origination and acquisition	33	28	4	65
Decreases due to derecognition	(15)	(36)	(8)	(59)
Changes due to change in credit risk (net)	(20)	(7)	(6)	(33)
Foreign exchange and other	(4)	(5)	(2)	(11)
As at 30/9/2023	**60**	**95**	**43**	**197**

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	24	(1)	30
Foreign exchange and other	(3)	15	2	14
As at 30/9/2022	**69**	**126**	**57**	**252**

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

30/9/2023 in € million	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Excellent	1,054	144	0	1,198
Strong	16,869	1,688	0	18,557
Good	17,090	3,432	0	20,522
Satisfactory	4,938	1,788	0	6,727
Substandard	1,364	688	0	2,053
Credit impaired	0	0	174	174
Not rated	2,056	39	0	2,095
Nominal amount	**43,372**	**7,779**	**175**	**51,326**
Provisions for off-balance sheet items according to IFRS 9	(60)	(95)	(43)	(197)
Nominal amount after provisions	**43,312**	**7,684**	**132**	**51,129**

31/12/2022 in € million	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Excellent	2,158	127	0	2,285
Strong	15,967	3,093	0	19,059
Good	16,450	3,883	0	20,333
Satisfactory	4,723	1,860	0	6,583
Substandard	228	441	0	669
Credit impaired	0	0	226	226
Not rated	1,921	66	1	1,987
Nominal amount	**41,447**	**9,470**	**227**	**51,143**
Provisions for off-balance sheet items according to IFRS 9	(64)	(115)	(56)	(236)
Nominal amount after provisions	**41,383**	**9,355**	**170**	**50,908**

The category not rated includes off-balance sheet commitments for some private individuals for whom no ratings are available. The rating is therefore based on qualitative factors.

(30) Forward-looking information

The most significant assumptions used as a starting point for the expected credit loss estimates at quarter-end are shown below (source: Raiffeisen Research, August 2023).

Since 10-year government bonds are not issued either in Ukraine or Belarus, there are no long-term reference rates in these countries. Due to the current circumstances in Ukraine, no macroeconomic assumptions are currently being made about real estate prices. Belarus also lacks a short-term reference rate.

		Real GDP			Unemployment		
		2023	2024	2025	2023	2024	2025
Croatia	Upside scenario	3.2 %	4.7 %	3.7 %	6.6 %	6.2 %	6.2 %
	Base	2.5 %	2.7 %	2.6 %	6.8 %	6.7 %	6.5 %
	Downside scenario	1.4 %	(0.6)%	0.8 %	7.5 %	8.9 %	7.7 %
Ukraine	Upside scenario	4.7 %	9.0 %	8.5 %	15.0 %	11.9 %	8.9 %
	Base	3.5 %	5.4 %	6.5 %	15.0 %	12.0 %	9.0 %
	Downside scenario	1.6 %	(0.3)%	3.3 %	15.2 %	12.6 %	9.3 %
Belarus	Upside scenario	0.7 %	3.0 %	3.1 %	4.0 %	3.9 %	3.9 %
	Base	0.0 %	1.0 %	2.0 %	4.0 %	4.0 %	4.0 %
	Downside scenario	(1.0)%	(1.9)%	0.4 %	4.2 %	4.5 %	4.3 %
Austria	Upside scenario	1.3 %	2.5 %	1.9 %	5.0 %	4.8 %	4.8 %
	Base	0.9 %	1.4 %	1.3 %	5.0 %	4.9 %	4.8 %
	Downside scenario	0.4 %	(0.1)%	0.4 %	5.1 %	5.3 %	5.0 %
Poland	Upside scenario	1.7 %	4.3 %	4.4 %	4.9 %	4.8 %	5.2 %
	Base	0.5 %	2.7 %	3.5 %	5.1 %	5.4 %	5.5 %
	Downside scenario	0.1 %	1.4 %	2.8 %	6.0 %	7.8 %	6.6 %
Russia	Upside scenario	1.9 %	1.6 %	1.5 %	3.9 %	3.8 %	3.9 %
	Base	1.5 %	0.5 %	0.9 %	4.0 %	4.0 %	4.0 %
	Downside scenario	1.0 %	(1.1)%	0.0 %	4.3 %	5.0 %	4.5 %
Romania	Upside scenario	2.6 %	5.0 %	5.0 %	5.5 %	4.9 %	4.4 %
	Base	2.0 %	3.3 %	4.0 %	5.5 %	5.0 %	4.5 %
	Downside scenario	1.1 %	0.7 %	2.6 %	5.8 %	5.8 %	4.9 %
Slovakia	Upside scenario	1.5 %	3.1 %	2.9 %	6.1 %	5.7 %	5.7 %
	Base	1.0 %	1.6 %	2.1 %	6.3 %	6.3 %	6.0 %
	Downside scenario	0.3 %	(0.6)%	0.9 %	7.2 %	8.9 %	7.5 %
Czech Republic	Upside scenario	0.9 %	4.2 %	3.6 %	3.5 %	3.4 %	3.4 %
	Base	0.5 %	2.9 %	2.9 %	3.7 %	3.8 %	3.5 %
	Downside scenario	(0.5)%	1.0 %	1.8 %	4.0 %	4.8 %	4.0 %
Hungary	Upside scenario	0.5 %	4.3 %	4.7 %	3.6 %	3.3 %	3.4 %
	Base	0.0 %	3.0 %	4.0 %	3.7 %	3.6 %	3.6 %
	Downside scenario	(0.7)%	0.9 %	2.8 %	4.2 %	5.1 %	4.3 %

		Long-term bond rate			Real estate prices		
		2023	2024	2025	2023	2024	2025
Croatia	Upside scenario	3.3 %	2.0 %	2.4 %	8.7 %	4.0 %	4.4 %
	Base	3.8 %	3.6 %	3.2 %	7.5 %	0.5 %	2.5 %
	Downside scenario	4.7 %	6.3 %	4.7 %	4.7 %	(7.9)%	(2.2)%
Ukraine	Upside scenario	n/a	n/a	n/a	n/a	n/a	n/a
	Base	n/a	n/a	n/a	n/a	n/a	n/a
	Downside scenario	n/a	n/a	n/a	n/a	n/a	n/a
Belarus	Upside scenario	n/a	n/a	n/a	4.8 %	7.3 %	4.9 %
	Base	n/a	n/a	n/a	3.0 %	2.0 %	2.0 %
	Downside scenario	n/a	n/a	n/a	0.4 %	(5.9)%	(2.4)%
Austria	Upside scenario	2.5 %	1.4 %	1.7 %	(4.5)%	(3.4)%	1.9 %
	Base	3.0 %	2.7 %	2.4 %	(5.0)%	(5.0)%	1.0 %
	Downside scenario	3.5 %	4.3 %	3.3 %	(6.3)%	(9.0)%	(1.2)%
Poland	Upside scenario	5.4 %	3.7 %	4.0 %	(2.2)%	4.5 %	4.4 %
	Base	6.0 %	5.5 %	5.0 %	(3.0)%	2.0 %	3.0 %
	Downside scenario	7.1 %	8.8 %	6.8 %	(5.0)%	(3.9)%	(0.3)%
Russia	Upside scenario	10.7 %	9.2 %	7.7 %	(3.2)%	2.4 %	4.0 %
	Base	11.0 %	10.3 %	8.4 %	(5.0)%	(3.0)%	1.0 %
	Downside scenario	12.0 %	13.2 %	10.0 %	(7.7)%	(11.1)%	(3.5)%
Romania	Upside scenario	6.5 %	4.8 %	5.0 %	0.9 %	5.8 %	5.0 %
	Base	7.1 %	6.4 %	5.8 %	0.0 %	3.0 %	3.5 %
	Downside scenario	8.0 %	9.3 %	7.5 %	(2.2)%	(3.7)%	(0.2)%
Slovakia	Upside scenario	3.2 %	2.0 %	2.1 %	(3.3)%	5.0 %	5.8 %
	Base	3.6 %	3.3 %	2.9 %	(5.0)%	0.0 %	3.0 %
	Downside scenario	4.4 %	5.7 %	4.2 %	(9.0)%	(12.0)%	(3.6)%
Czech Republic	Upside scenario	4.1 %	2.5 %	2.6 %	(2.9)%	5.3 %	4.8 %
	Base	4.5 %	3.8 %	3.4 %	(4.0)%	2.0 %	3.0 %
	Downside scenario	5.3 %	6.1 %	4.7 %	(6.6)%	(5.9)%	(1.4)%
Hungary	Upside scenario	6.8 %	4.5 %	5.0 %	(1.6)%	5.6 %	5.8 %
	Base	7.3 %	6.2 %	6.0 %	(3.0)%	1.5 %	3.5 %
	Downside scenario	8.3 %	9.2 %	7.7 %	(6.3)%	(8.5)%	(2.1)%

		Consumer price index			Short-term interest rate		
		2023	2024	2025	2023	2024	2025
Croatia	Upside scenario	6.9 %	1.1 %	1.4 %	2.9 %	2.4 %	2.5 %
	Base	7.6 %	3.3 %	2.6 %	3.4 %	3.6 %	3.2 %
	Downside scenario	8.0 %	4.5 %	3.2 %	3.7 %	4.6 %	3.7 %
Ukraine	Upside scenario	11.5 %	5.0 %	3.2 %	22.9 %	17.5 %	13.5 %
	Base	14.7 %	9.2 %	8.5 %	24.0 %	20.8 %	15.4 %
	Downside scenario	16.4 %	14.1 %	11.3 %	25.7 %	26.0 %	18.2 %
Belarus	Upside scenario	5.0 %	4.0 %	4.0 %	n/a	n/a	n/a
	Base	10.7 %	9.3 %	10.0 %	n/a	n/a	n/a
	Downside scenario	13.7 %	18.2 %	15.0 %	n/a	n/a	n/a
Austria	Upside scenario	7.1 %	2.4 %	2.0 %	2.9 %	2.4 %	2.5 %
	Base	7.6 %	3.8 %	2.8 %	3.4 %	3.6 %	3.2 %
	Downside scenario	7.8 %	4.6 %	3.2 %	3.7 %	4.6 %	3.7 %
Poland	Upside scenario	11.1 %	3.0 %	0.8 %	5.8 %	2.6 %	2.5 %
	Base	12.1 %	6.0 %	2.5 %	6.8 %	5.6 %	4.2 %
	Downside scenario	12.6 %	7.6 %	4.5 %	8.1 %	8.0 %	6.2 %
Russia	Upside scenario	4.4 %	3.0 %	3.0 %	8.8 %	9.1 %	6.8 %
	Base	6.0 %	4.0 %	4.0 %	9.2 %	10.1 %	7.4 %
	Downside scenario	6.8 %	6.5 %	5.4 %	10.1 %	12.8 %	8.9 %
Romania	Upside scenario	9.6 %	3.2 %	2.2 %	5.9 %	3.7 %	3.5 %
	Base	10.7 %	6.4 %	4.0 %	6.7 %	6.2 %	4.9 %
	Downside scenario	11.3 %	8.1 %	4.9 %	7.4 %	8.2 %	6.0 %
Slovakia	Upside scenario	10.5 %	1.9 %	2.1 %	2.9 %	2.4 %	2.5 %
	Base	11.6 %	5.2 %	3.9 %	3.4 %	3.6 %	3.2 %
	Downside scenario	12.2 %	6.9 %	4.9 %	3.7 %	4.6 %	3.7 %
Czech Republic	Upside scenario	10.2 %	0.9 %	0.9 %	6.8 %	4.8 %	3.4 %
	Base	11.2 %	3.7 %	2.4 %	7.1 %	5.7 %	3.8 %
	Downside scenario	11.6 %	5.1 %	3.2 %	7.4 %	6.5 %	4.3 %
Hungary	Upside scenario	16.9 %	3.1 %	2.9 %	14.4 %	8.0 %	4.7 %
	Base	17.9 %	6.1 %	4.6 %	14.6 %	8.5 %	5.0 %
	Downside scenario	18.5 %	7.7 %	5.4 %	15.3 %	11.8 %	7.5 %

The weightings assigned to each scenario at quarter-end are as follows: 25 per cent optimistic, 50 per cent base and 25 per cent pessimistic scenarios.

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 specific 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 and if individual loans within a loan portfolio develop differently than originally expected. In view of the given circumstances, in particular the war in Ukraine and the economic dislocations it has caused, it is necessary to reflect additional risks in the impairments. All of these adjustments are approved locally by the subsidiaries and centrally by the Group Risk Committee (GRC). There are portfolio-specific adjustments due to the war and associated sanctions, which are presented in the category geopolitical risk.

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. In contrast to post-model adjustments, the other risk factors have a somewhat longer time horizon, an example being if sanctions risk endures for longer or if adjustments are made in the PMA models while ECL overlays are applied to the other risk factors.

30/9/2023 in € million	Modeled ECL	Other special risk factors Macroeconomic risk	Geopolitical risk	Post-model adjustments Macroeconomic risk	Geopolitical risk	Total
Central banks	0	0	0	0	0	0
General governments	83	1	10	0	0	94
Banks	5	0	25	0	0	29
Other financial corporations	146	0	0	0	0	146
Non-financial corporations	139	305	390	10	3	846
Households	420	0	0	62	8	490
Total	**792**	**306**	**424**	**71**	**11**	**1,605**

31/12/2022 in € million	Modeled ECL	Other special risk factors COVID-19 related	Spill-over effects	Russia/ Ukraine war	Post-model adjustments COVID-19 related	Other	Total
Central banks	0	0	0	0	0	0	0
General governments	46	0	1	15	0	0	61
Banks	1	0	0	14	0	0	15
Other financial corporations	163	0	0	0	0	0	163
Non-financial corporations	150	10	251	374	3	15	801
Households	446	0	0	0	3	45	495
Total	**805**	**10**	**251**	**403**	**6**	**60**	**1,535**

The overlays and other risk factors resulted in additional Stage 1 and Stage 2 provisions of € 812 million (previous year: € 729 million). Of this amount, € 435 million (previous year: € 413 million) related to geopolitical risk, € 377 million (previous year: € 301 million) to macroeconomic risk (spill-over effects and other) and € 1 million (previous year: € 16 million) to COVID-19.

Other special risk factors

For corporate customers, additional impairments were recognized in the amount of € 306 million (previous year: € 260 million) for macroeconomic effects. As at end of September 2023, these effects only included the so called spill-over effects whereas in the previous year COVID-19 related effects were also included (previous year: € 10 million). These risks are not included in the country-specific branch matrix. Macroeconomic risk, so called spill-over effects, comprises expected downgrades of corporate clients due to circumstances such as higher energy prices, inflation, supply chain disruptions and due to lower revenues and higher costs because of the higher energy costs. Additional impairments in the amount of € 424 million (previous year: € 403 million) were recognized for EU and US sanctions against Russia and Belarus (€ 370 million) and for the effects of the war in Ukraine (€ 48 million). These impairments were recognized in response to the outbreak of war, the sanctions imposed and the uncertainties that have ensued, and based on RBI's internal monitoring and control policies. The exposures were also transferred to Stage 2 for other special risk factors that represent a significant increase in credit risk. Recognition of additional provisions in the amount of € 48 million (previous year: € 38 million) in Ukraine resulted from the modelling of the ongoing destruction of the country's energy infrastructure, ensuing blackouts and an extension of loan maturities.

Post-model adjustments

During the last several quarters the retail customers were severely exposed to increasing inflationary pressure, which impacted their ability to cover their loans obligations. As part of the IFRS 9 framework, there are PD and LGD macro models at country and product level, which serve the need to address these high risks stemming from the macroeconomic environment. However, for certain countries and portfolios where the macroeconomic models either lag behind the key macroeconomic variables (inflation, interest rates, unemployment, etc.) or are not part of the model, post-model adjustments are made for identified high risk customer group. The latter involve a qualitative assessment of exposures for the expected significant increase in credit risk and their subsequent transfer from Stage 1 to Stage 2 as well as in particular cases increase of the PD and/or LGD estimates respectively. The criteria for identifying such credit exposures were based on information from the loan application and historical payment behavior and were subsequently refined using stressed macroeconomic variables. 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.

For the Ukrainian retail portfolio, which has been fully reclassified as Stage 2 since the beginning of the war, 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.

For assets and customers located in occupied regions or territories, which run a high risk of hostilities or occupation, risk parameters were increased to take into account higher expected future losses due to the above-mentioned surveys. In addition, the scenario-based approach mentioned above for the quantification of potential future losses from the very dynamic situation of the war in the Ukraine was also applied to retail exposures, leading to additional impairments in the amount of € 11 million (previous year: € 10 million). There is currently ongoing redevelopment of the PD, LGD and macro models in the PI segment, which would reflect the increased default rates over the last one-and-half years from one side and the new customer behavior from another side. Implementation of these new models will be pending regulatory as well as RBI validation approvals.

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 Stage 1 and Stage 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. The effects of the estimates based on macroeconomic forecasts are shown in the forward-looking component. This information is provided for illustrative purposes.

30/9/2023	Accumulated impairment (Stage 1 and 2)		
in € million	Simulated scenario	Point in time component	Forward-looking component
100% Optimistic	1,490	1,430	60
100% Base	1,582	1,430	152
100% Pessimistic	1,767	1,430	337
Weighted average (25/50/25%)	**1,604**	**1,430**	**175**

31/12/2022	Accumulated impairment (Stage 1 and 2)		
in € million	Simulated scenario	Point in time component	Forward-looking component
100% Optimistic	1,396	1,282	114
100% Base	1,507	1,282	225
100% Pessimistic	1,732	1,282	450
Weighted average (25/50/25%)	**1,535**	**1,282**	**252**

Overall, the macroeconomic scenarios are currently worse than the long-term average, leading to an increase of the provisions of € 175 million in the third quarter of 2023.

The positive scenario, which is presented in the table below, follows the premise that all exposures are classified as Stage 1 and all macroeconomic and geopolitical risks are not relevant.

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 twelve-month expected losses (Stage 1).

	Accumulated impairment (Stage 1 and 2)	
in € million	30/9/2023	31/12/2022
Accumulated impairment if 100% in Stage 1	661	613
Weighted average (25/50/25%)	1,604	1,535
Additional amounts in Stage 2 due to staging	943	921

The negative scenario assumes that all exposures are classified as Stage 2. As a result, all macroeconomic and geopolitical risks are considered in this analysis.

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

	Accumulated impairment (Stage 1 and 2)	
in € million	**30/9/2023**	**31/12/2022**
Accumulated impairment if 100% in Stage 2	2,222	2,232
Weighted average (25/50/25%)	1,604	1,535
Additional amounts in Stage 2	617	697

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	**30/9/2023**	**31/12/2022**
Pessimistic scenario	1,856	2,038
Weighted average	1,595	1,729
Increase in provisions due to pessimistic scenario	261	310

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

30/9/2023	**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	**(9,357)**	**9,357**	**(100)**	**481**	**1.1 %**	**5.1 %**
Central banks	(21)	21	0	0	0.0 %	0.0 %
General governments	(330)	330	(39)	42	11.8 %	12.6 %
Banks	(981)	981	0	2	0.0 %	0.2 %
Other financial corporations	(411)	411	0	8	0.1 %	1.9 %
Non-financial corporations	(3,091)	3,091	(28)	213	0.9 %	6.9 %
Households	(4,523)	4,523	(33)	216	0.7 %	4.8 %
Movement from lifetime ECL to 12-month ECL	**4,459**	**(4,459)**	**28**	**(155)**	**0.6 %**	**3.5 %**
Central banks	0	0	0	0	-	-
General governments	92	(92)	0	0	0.2 %	0.3 %
Banks	49	(49)	0	(3)	0.1 %	6.5 %
Other financial corporations	209	(209)	0	(24)	0.1 %	11.3 %
Non-financial corporations	2,011	(2,011)	20	(58)	1.0 %	2.9 %
Households	2,098	(2,098)	8	(70)	0.4 %	3.3 %

The increase in expected credit losses arising from the measurement of the loss allowance moving from twelve-month expected credit losses to lifetime losses was € 381 million (previous year: € 360 million). The decrease in expected credit losses arising from the measurement of the loss allowance moving from lifetime losses to twelve-month expected credit losses was € 127 million (previous year: € 144 million).

31/12/2022	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	**(11,451)**	**11,451**	**(48)**	**781**	**0.4 %**	**6.8 %**
Central banks	(138)	138	0	0	0.0 %	0.0 %
General governments	(817)	817	(4)	36	0.5 %	4.5 %
Banks	(232)	232	0	13	0.0 %	5.7 %
Other financial corporations	(864)	864	(1)	50	0.1 %	5.8 %
Non-financial corporations	(5,329)	5,329	(24)	380	0.5 %	7.1 %
Households	(4,071)	4,071	(18)	302	0.5 %	7.4 %
Movement from lifetime ECL to 12-month ECL	**8,335**	**(8,335)**	**37**	**(193)**	**0.4 %**	**2.3 %**
Central banks	0	0	0	0	-	-
General governments	45	(45)	0	0	0.1 %	0.6 %
Banks	54	(54)	0	0	0.0 %	0.1 %
Other financial corporations	559	(559)	6	(11)	1.0 %	1.9 %
Non-financial corporations	2,509	(2,509)	19	(76)	0.8 %	3.0 %
Households	5,168	(5,168)	12	(106)	0.2 %	2.1 %

(31) 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:

30/9/2023	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	145,127	120,003
Financial assets - fair value through other comprehensive income[1]	0	2,899	0
Non-trading financial assets - mandatorily fair value through profit/loss	869	0	532
Financial assets - designated fair value through profit/loss	184	0	0
Financial assets - held for trading	6,646	0	0
On-balance	**7,699**	**148,026**	**120,535**
Loan commitments, financial guarantees and other commitments	0	51,326	51,326
Total	**7,699**	**199,352**	**171,861**

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

31/12/2022	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	140,561	121,443
Financial assets - fair value through other comprehensive income[1]	0	3,160	0
Non-trading financial assets - mandatorily fair value through profit/loss	751	0	475
Financial assets - designated fair value through profit/loss	84	0	0
Financial assets - held for trading	6,124	0	0
On-balance	**6,958**	**143,720**	**121,918**
Loan commitments, financial guarantees and other commitments	0	51,143	51,143
Total	**6,958**	**194,864**	**173,061**

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 generally unsecured. Debt securities are mainly unsecured. Derivatives can be secured by cash or master netting agreements. Collateral from leasing business primarily consist of the value of the leased assets themselves. Items shown in cash and cash equivalents are considered to have negligible credit risk. Collateral is taken into account uniformly on the basis of Group directives. The Group directives regarding obtaining collateral were not significantly changed during the reporting period; however, they are updated on a yearly basis.

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

30/9/2023 in € million	Maximum exposure to credit risk	Fair value of collateral	Credit risk exposure net of collateral
Central banks	8,931	6,869	2,061
General governments	2,045	929	1,116
Banks	6,805	4,606	2,199
Other financial corporations	12,467	6,123	6,344
Non-financial corporations	49,258	22,292	26,966
Households	41,030	27,545	13,485
Loan commitments, financial guarantees and other commitments	51,326	6,224	45,102
Total	**171,861**	**74,588**	**97,273**

31/12/2022 in € million	Maximum exposure to credit risk	Fair value of collateral	Credit risk exposure net of collateral
Central banks	8,814	6,849	1,965
General governments	2,150	1,026	1,124
Banks	6,915	4,708	2,207
Other financial corporations	11,538	4,166	7,372
Non-financial corporations	50,439	22,260	28,179
Households	42,063	27,838	14,225
Loan commitments, financial guarantees and other commitments	51,143	7,743	43,400
Total	**173,061**	**74,590**	**98,471**

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

(32) Transferred assets

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

30/9/2023	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	0	0	0	0	0	0
Financial assets - fair value through other comprehensive income	0	0	0	0	0	0
Financial assets - amortized cost	2,828	81	2,747	2,662	67	2,595
Total	**2,828**	**81**	**2,747**	**2,662**	**67**	**2,595**

31/12/2022	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	0	0	0	0	0	0
Financial assets - fair value through other comprehensive income	0	0	0	0	0	0
Financial assets - amortized cost	877	0	877	804	0	804
Total	**877**	**0**	**877**	**804**	**0**	**804**

(33) Assets pledged as collateral and received financial assets

Significant restrictions regarding the access or use of assets:

in € million	30/9/2023 Pledged	30/9/2023 Otherwise restricted with liabilities	31/12/2022 Pledged	31/12/2022 Otherwise restricted with liabilities
Financial assets - held for trading	25	0	41	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	323	56	389	0
Financial assets - amortized cost	19,396	1,651	20,151	2,182
Total	**19,759**	**1,708**	**20,596**	**2,182**

The Group received collaterals which can be sold or repledged even if no default occurs in the course of reverse repo business, securities lending business, derivative and other transactions.

Securities and other financial assets accepted as collateral:

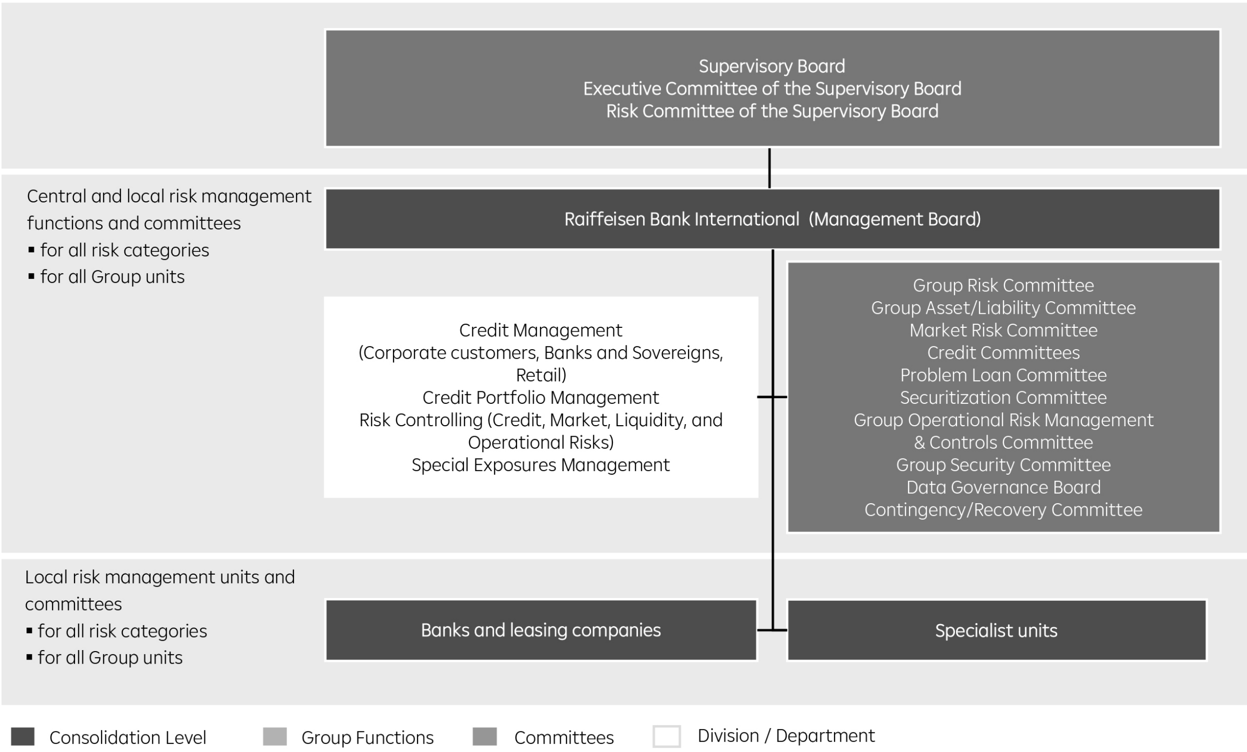
in € million	30/9/2023	31/12/2022
Securities and other financial assets accepted as collateral which can be sold or repledged	24,255	19,763
hereof which have been sold or repledged	3,984	3,179

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 project to implement and integrate ESG risks as influencing factors for existing risk types and framework conditions is designed to be cross-divisional with the involvement of all risk areas.

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 chapter of the Annual Report 2022, pages 193 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. The economic capital increased to € 9,000 million compared to year-end 2022. The increase in credit exposure to the public sector was mainly attributable to rating downgrades of Slovakia, Hungary and the Czech Republic. This strong increase in credit exposure to the public sector was only partly offset by a decline in credit risk exposure to retail and corporate customers. In the regional distribution of economic capital, the Eastern Europe (Russia, Ukraine, Belarus) and Southeastern Europe segments were reduced compared to year-end 2022. In contrast, economic capital for Austria and Central Europe increased.

During the financial year 2022, climate risk was implemented in the ICAAP as a deduction from internal capital. More information on ESG risks is disclosed in the Annual Report 2022, pages 196 ff.

Risk contribution of individual risk types to economic capital:

in € million	30/9/2023	Share	31/12/2022	Share
Credit risk retail customers	1,483	16.5 %	1,610	18.7 %
Credit risk corporate customers	1,381	15.3 %	1,653	19.1 %
Credit risk sovereigns	1,326	14.7 %	595	6.9 %
FX risk capital position	1,104	12.3 %	1,312	15.2 %
Market risk	1,021	11.3 %	929	10.8 %
Participation risk	712	7.9 %	646	7.5 %
Operational risk	698	7.8 %	799	9.3 %
Credit risk banks	446	5.0 %	348	4.0 %
Owned property risk	360	4.0 %	306	3.5 %
Liquidity risk	20	0.2 %	0	0.0 %
CVA risk	19	0.2 %	22	0.3 %
Risk buffer	429	4.8 %	411	4.8 %
Total	**9,000**	**100.0 %**	**8,632**	**100.0 %**

Regional allocation of economic capital by Group unit domicile:

in € million	30/9/2023	Share	31/12/2022	Share
Eastern Europe	2,526	28.1 %	2,634	30.5 %
Austria	2,435	27.1 %	2,208	25.6 %
Central Europe	2,340	26.0 %	1,952	22.6 %
Southeastern Europe	1,699	18.9 %	1,839	21.3 %
Total	**9,000**	**100.0 %**	**8,632**	**100.0 %**

(34) 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 repo transactions and derivatives, particularly SA-CCR (standardized approach for measuring counterparty credit risk).

in € million	30/9/2023	31/12/2022
Cash, balances at central banks and other demand deposits	40,314	48,587
Financial assets - amortized cost	145,126	140,561
Financial assets - fair value through other comprehensive income	2,899	3,160
Non-trading financial assets - mandatorily fair value through profit/loss	869	751
Financial assets - designated fair value through profit/loss	184	84
Financial assets - held for trading	6,646	6,124
Hedge accounting	671	661
Current tax assets	90	100
Deferred tax assets	243	269
Other assets	1,202	912
Loan commitments given	36,900	37,193
Financial guarantees given	9,601	9,370
Other commitments given	4,824	4,580
Reconciliation difference	(7,830)	(6,399)
Credit exposure	**241,740**	**245,953**

Around € 3.8 billion of the reconciliation difference was attributable to the 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 – corporate customers, 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	30/9/2023	31/12/2022
Corporate customers	89,187	90,300
Project finance	9,455	9,268
Retail customers	48,633	50,412
Banks	35,190	32,156
Sovereigns	59,276	63,816
Total	**241,740**	**245,953**

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		Lower PD bound in %	Upper PD bound in %	30/9/2023	Share	31/12/2022	Share
1	Minimal risk	> 0.0000%	≤ 0.0300%	2,525	2.8 %	2,716	3.0 %
2	Excellent credit standing	> 0.0300%	≤ 0.0751%	7,147	8.0 %	7,374	8.2 %
3	Very good credit standing	> 0.0751%	≤ 0.1878%	21,304	23.9 %	21,867	24.2 %
4	Good credit standing	> 0.1878%	≤ 0.4694%	22,612	25.4 %	21,709	24.0 %
5	Sound credit standing	> 0.4694%	≤ 1.1735%	16,140	18.1 %	16,627	18.4 %
6	Acceptable credit standing	> 1.1735%	≤ 2.9338%	11,372	12.8 %	11,000	12.2 %
7	Marginal credit standing	> 2.9338%	≤ 7.3344%	3,676	4.1 %	3,677	4.1 %
8	Weak credit standing/sub-standard	> 7.3344%	≤ 18.3360%	1,704	1.9 %	2,070	2.3 %
9	Very weak credit standing/doubtful	> 18.3360%	< 100%	1,274	1.4 %	1,706	1.9 %
10	Default	100%	100%	1,286	1.4 %	1,427	1.6 %
NR	Not rated			146	0.2 %	128	0.1 %
Total				**89,187**	**100.0 %**	**90,300**	**100.0 %**

The credit exposure to corporate customers decreased € 1,114 million to € 89,187 million compared to year-end 2022. The largest decreases were recorded in Russia, Ireland, Austria and France, which were partly offset by increases in Great Britain, the Czech Republic, Hungary, Germany, Romania and Slovakia. In Russia, exposure volumes have been reduced since the beginning of the Russian war in Ukraine, which was enhanced by the devaluation of the Russian ruble.

The largest decline was recorded in rating grade 3, which was due to reduced credit exposures in Germany and Hungary (partly due to rating downgrades to rating grade 4) as well as in Great Britain and Russia. The decline in rating grade 2 resulted from reduced credit exposures in Slovakia (partly due to rating downgrades to rating grade 3 and 4), Ireland and Luxembourg. In addition to the rating downgrades of individual Austrian customers, the decline in rating grade 1 resulted from reduced exposure in Ireland. The decrease in rating grade 5 was due to reduced credit exposures in Austria and Russia (partly due to rating upgrades to rating grade 4). In addition, the rating downgrade of a customer to rating grade 6 had a reducing effect. The decline in rating grade 8 resulted from rating upgrades of individual Slovakian customers in rating grade 7 and from the reduction of credit exposure in Russia. In addition, there was an increase in the exposure in rating grade 4 in Great Britain.

The five grades rating model for project finance is based on the slotting criteria in accordance with EBA/RTS/2016/02. In June 2023, the model parameters for real estate financing were adjusted based on the current macroeconomic parameters (especially inflation expectations).

in € million		30/9/2023	Share	31/12/2022	Share
6.1	Excellent project risk profile – very low risk	5,362	56.7 %	4,857	52.4 %
6.2	Good project risk profile – low risk	3,335	35.3 %	3,617	39.0 %
6.3	Acceptable project risk profile – average risk	418	4.4 %	423	4.6 %
6.4	Poor project risk profile – high risk	98	1.0 %	94	1.0 %
6.5	Default	239	2.5 %	264	2.8 %
NR	Not rated	3	0.0 %	13	0.1 %
Total		**9,455**	**100.0 %**	**9,268**	**100.0 %**

The € 187 million increase in project finance was mainly attributable to increases in the Czech Republic, Germany, Hungary and Slovakia.

The rise in rating grade 6.1 was due to the increase in credit financing in the Czech Republic, Germany and Slovakia, and to rating upgrades of individual customers from rating grade 6.2 in Russia. In addition, the decline in rating grade 6.2 was due to rating downgrades of individual customers in Romania from rating grade 6.3.

Breakdown by country of risk of the credit exposure to corporate customers and project finance structured by region, taking into account the guarantor:

in € million	30/9/2023	Share	31/12/2022	Share
Central Europe	26,819	27.2 %	25,596	25.7 %
Western Europe	25,175	25.5 %	25,093	25.2 %
Austria	18,868	19.1 %	19,125	19.2 %
Southeastern Europe	14,890	15.1 %	14,464	14.5 %
Eastern Europe	9,076	9.2 %	11,625	11.7 %
Asia	1,844	1.9 %	1,918	1.9 %
Other	1,970	2.0 %	1,748	1.8 %
Total	**98,641**	**100.0 %**	**99,569**	**100.0 %**

The decline in Eastern Europe was mainly due to the devaluation of the Russian ruble. In addition, credit financing decreased in Ukraine. The increase in Central Europe essentially resulted from the increase in facility financing in the Czech Republic, Hungary and Slovakia. In Southeastern Europe, the rise was due to an increase in credit and facility financing, and guarantees given in Romania, Serbia and Croatia.

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

in € million	30/9/2023	Share	31/12/2022	Share
Manufacturing	23,644	24.0 %	24,711	24.8 %
Wholesale and retail trade	20,193	20.5 %	20,800	20.9 %
Real estate	12,883	13.1 %	12,943	13.0 %
Financial intermediation	10,584	10.7 %	9,191	9.2 %
Construction	6,069	6.2 %	6,156	6.2 %
Electricity, gas, steam and hot water supply	6,023	6.1 %	5,580	5.6 %
Transport, storage and communication	3,673	3.7 %	3,743	3.8 %
Freelance/technical services	2,751	2.8 %	2,870	2.9 %
Other industries	12,821	13.0 %	13,574	13.6 %
Total	**98,641**	**100.0 %**	**99,569**	**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	30/9/2023	Share	31/12/2022	Share
Retail customers – private individuals	45,453	93.5 %	47,338	93.9 %
Retail customers – small and medium-sized entities	3,181	6.5 %	3,074	6.1 %
Total	**48,633**	**100.0 %**	**50,412**	**100.0 %**

Credit exposure to retail customers by internal rating:

in € million		Lower PD bound in %	Upper PD bound in %	30/9/2023	Share	31/12/2022	Share
0.5	Minimal risk	> 0.00%	≤ 0.17%	9,292	19.1 %	11,488	22.8 %
1.0	Excellent credit standing	> 0.17%	≤ 0.35%	8,617	17.7 %	9,574	19.0 %
1.5	Very good credit standing	> 0.35%	≤ 0.69%	8,561	17.6 %	8,851	17.6 %
2.0	Good credit standing	> 0.69%	≤ 1.37%	6,678	13.7 %	6,210	12.3 %
2.5	Sound credit standing	> 1.37%	≤ 2.70%	4,479	9.2 %	3,919	7.8 %
3.0	Acceptable credit standing	> 2.70%	≤ 5.26%	2,681	5.5 %	2,403	4.8 %
3.5	Marginal credit standing	> 5.26%	≤ 10.00%	1,311	2.7 %	1,189	2.4 %
4.0	Weak credit standing/sub-standard	> 10.00%	≤ 18.18%	640	1.3 %	535	1.1 %
4.5	Very weak credit standing/doubtful	> 18.18%	< 100%	833	1.7 %	652	1.3 %
5.0	Default	100%	100%	1,269	2.6 %	1,286	2.6 %
NR	Not rated			4,272	8.8 %	4,305	8.5 %
Total				**48,633**	**100.0 %**	**50,412**	**100.0 %**

The not rated credit exposure includes credit card limits in Austria and retail customers in Serbia, Hungary and Croatia. These customers either do not have an internal rating due to the acquisition, or are part of portfolios under permanent partial use or portfolios for which PD model are in implementation process. In case of leasing units, creditworthiness is assessed based on scorecard models.

Credit exposure to retail customers by segments:

30/9/2023 in € million	Central Europe	Southeastern Europe	Eastern Europe	Group Corporates & Markets
Retail customers – private individuals	22,040	9,965	4,369	9,078
Retail customers – small and medium-sized entities	1,836	1,181	164	0
Total	**23,877**	**11,146**	**4,533**	**9,078**
hereof non-performing exposure	555	416	258	46

31/12/2022 in € million	Central Europe	Southeastern Europe	Eastern Europe	Group Corporates & Markets
Retail customers – private individuals	22,600	10,031	5,819	8,888
Retail customers – small and medium-sized entities	1,766	1,105	202	0
Total	**24,366**	**11,137**	**6,021**	**8,888**
hereof non-performing exposure	540	386	321	45

In the first three quarters of 2023, credit exposure to retail customers decreased by € 1,779 million. The largest decline of € 1,488 million was recorded in Eastern Europe and primarily attributable to reduced loan volumes in Russia (mainly due to the development of the Russian ruble). In addition, there was a decrease of € 490 million in Central Europe mainly due to litigation provisions for mortgage loans in Poland.

Retail credit exposure by products:

in € million	30/9/2023	Share	31/12/2022	Share
Mortgage loans	28,457	58.5 %	29,990	59.5 %
Personal loans	10,773	22.2 %	10,993	21.8 %
Credit cards	5,128	10.5 %	5,215	10.3 %
SME financing	2,408	5.0 %	2,370	4.7 %
Overdraft	1,207	2.5 %	1,204	2.4 %
Car loans	660	1.4 %	640	1.3 %
Total	**48,633**	**100.0 %**	**50,412**	**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 May 2023, the rating model for credit institutions was adjusted in accordance to the EBA guidelines after approval of ECB.

in € million		Lower PD bound in %	Upper PD bound in %	30/9/2023	Share	31/12/2022	Share
1	Minimal risk	> 0.0000%	≤ 0.0300%	3,559	10.1 %	7,233	22.5 %
2	Excellent credit standing	> 0.0300%	≤ 0.0751%	3,700	10.5 %	9,373	29.1 %
3	Very good credit standing	> 0.0751%	≤ 0.1878%	20,872	59.3 %	10,270	31.9 %
4	Good credit standing	> 0.1878%	≤ 0.4694%	2,696	7.7 %	499	1.6 %
5	Sound credit standing	> 0.4694%	≤ 1.1735%	232	0.7 %	127	0.4 %
6	Acceptable credit standing	> 1.1735%	≤ 2.9338%	3,423	9.7 %	3,780	11.8 %
7	Marginal credit standing	> 2.9338%	≤ 7.3344%	45	0.1 %	435	1.4 %
8	Weak credit standing/sub-standard	> 7.3344%	≤ 18.3360%	30	0.1 %	35	0.1 %
9	Very weak credit standing/doubtful	> 18.3360%	< 100%	629	1.8 %	385	1.2 %
10	Default	100%	100%	4	0.0 %	16	0.0 %
NR	Not rated			1	0.0 %	4	0.0 %
Total				**35,190**	**100.0 %**	**32,156**	**100.0 %**

Credit exposure to banks increased primarily due to the increase in repo transactions in Spain, France, Great Britain, Ireland and Italy as well as in money market transactions in Germany and Russia. These increases were partly offset by a decline in loans and advances in the USA, China and France.

Rating grade 3 recorded the largest rise due to the rating downgrade of China (previously rating grade 2) and due to increased loans and advances, repo and money market transactions in Austria, Spain, the Netherlands, Great Britain, Ireland and Germany. The increase in rating grade 4 was mainly attributable to the rating downgrade of an Italian bank from rating grade 3. Rating grade 1 recorded a decrease in loans and advances and repo transactions with American and Austrian banks. The rating shifts are mainly due to the rating model change for credit institutions described above.

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

in € million	30/9/2023	Share	31/12/2022	Share
Repo	16,403	46.6 %	12,049	37.5 %
Loans and advances	10,333	29.4 %	12,124	37.7 %
Bonds	5,187	14.7 %	4,950	15.4 %
Money market	1,911	5.4 %	1,515	4.7 %
Derivatives	537	1.5 %	534	1.7 %
Other	818	2.3 %	984	3.1 %
Total	**35,190**	**100.0 %**	**32,156**	**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		Lower PD bound in %	Upper PD bound in %	30/9/2023	Share	31/12/2022	Share
1	Minimal risk	> 0.0000%	≤ 0.0300%	24,614	41.5 %	36,204	56.7 %
2	Excellent credit standing	> 0.0300%	≤ 0.0751%	8,957	15.1 %	12,860	20.2 %
3	Very good credit standing	> 0.0751%	≤ 0.1878%	16,337	27.6 %	6,398	10.0 %
4	Good credit standing	> 0.1878%	≤ 0.4694%	4,617	7.8 %	4,433	6.9 %
5	Sound credit standing	> 0.4694%	≤ 1.1735%	604	1.0 %	545	0.9 %
6	Acceptable credit standing	> 1.1735%	≤ 2.9338%	2,023	3.4 %	1,220	1.9 %
7	Marginal credit standing	> 2.9338%	≤ 7.3344%	5	0.0 %	24	0.0 %
8	Weak credit standing/sub-standard	> 7.3344%	≤ 18.3360%	7	0.0 %	0	0.0 %
9	Very weak credit standing/doubtful	> 18.3360%	< 100%	1,837	3.1 %	1,768	2.8 %
10	Default	100%	100%	275	0.5 %	362	0.6 %
NR	Not rated			1	0.0 %	2	0.0 %
Total				**59,276**	**100.0 %**	**63,816**	**100.0 %**

Rating grade 1 recorded the largest decrease, which was mainly due to the reduction of money market transactions and deposits at the Austrian national bank. The decrease in rating grade 2 resulted from rating downgrades of Slovakia and the Hungarian national bank to rating grade 3. This decline was partly offset by the rating downgrade of the Czech Republic from rating grade 1. In addition, the increase in rating grade 3 was due to the rating upgrade of Croatia from rating grade 4.

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

in € million	30/9/2023	Share	31/12/2022	Share
Bonds	23,760	40.1 %	17,662	27.7 %
Money market	18,199	30.7 %	26,803	42.0 %
Loans and advances	9,844	16.6 %	12,135	19.0 %
Repo	7,074	11.9 %	6,663	10.4 %
Derivatives	102	0.2 %	162	0.3 %
Other	297	0.5 %	391	0.6 %
Total	**59,276**	**100.0 %**	**63,816**	**100.0 %**

The decline in money market transactions was primarily attributable to the reduction at the Austrian and Slovakian national bank and partly offset by an increase in money market transactions with the Croatian national bank. The decrease in loans and advances to sovereigns was due to reduced deposits at the Austrian and Croatian national bank. Bond portfolio mainly increased in the Czech Republic, Austria, Slovakia, and in Hungary.

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

in € million	30/9/2023	Share	31/12/2022	Share
Russia	2,048	43.1 %	1,239	31.6 %
Ukraine	1,745	36.7 %	1,312	33.5 %
Albania	568	12.0 %	527	13.5 %
Belarus	209	4.4 %	603	15.4 %
Bosnia and Herzegovina	95	2.0 %	186	4.7 %
Other	86	1.8 %	53	1.3 %
Total	**4,750**	**100.0 %**	**3,921**	**100.0 %**

The exposure mainly includes Russian and Ukrainian 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	30/9/2023	31/12/2022	30/9/2023	31/12/2022	30/9/2023	31/12/2022
General governments	173	169	8.5 %	7.9 %	0.0 %	3.0 %
Banks	3	6	0.0 %	0.0 %	97.2 %	63.1 %
Other financial corporations	184	163	1.5 %	1.4 %	40.5 %	29.8 %
Non-financial corporations	1,410	1,619	2.9 %	3.2 %	63.4 %	62.8 %
Households	1,124	1,133	2.7 %	2.7 %	65.3 %	66.2 %
Loans and advances	**2,895**	**3,090**	**1.8 %**	**1.8 %**	**58.9 %**	**59.1 %**
Bonds	**3**	**3**	**0.0 %**	**0.0 %**	**42.8 %**	**0.0 %**
Total	**2,898**	**3,093**	**1.5 %**	**1.6 %**	**58.9 %**	**59.0 %**

Compared to year-end, the volume of non-performing exposures declined € 195 million to € 2,898 million. In organic terms, this was a decrease of € 141 million, mainly in Russia with € 57 million, in Group Corporates & Markets segment with € 50 million and in Hungary with € 39 million; the currency trend in total contributed € 54 million, particularly as a result of the devaluation of the Russian ruble. A decrease of € 401 million resulted from derecognitions and sales, this contrasted with new defaults of loans to households and non-financial corporations. The NPE ratio fell 0.1 percentage points to 1.5 per cent compared to year-end. The coverage ratio fell 0.1 percentage points to 58.9 per cent.

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

in € million	As at 1/1/2023	Change in consolidated group	Currency	Additions	Disposals	As at 30/9/2023
General governments	169	0	0	5	(1)	173
Banks	6	0	0	0	(2)	3
Other financial corporations	163	0	1	41	(21)	184
Non-financial corporations	1,619	0	(19)	250	(440)	1,410
Households	1,133	0	(35)	390	(363)	1,124
Loans and advances (NPL)	**3,090**	**0**	**(54)**	**686**	**(827)**	**2,895**
Bonds	**3**	**0**	**0**	**0**	**0**	**3**
Total (NPE)	**3,093**	**0**	**(54)**	**686**	**(827)**	**2,898**

in € million	As at 1/1/2022	Change in consolidated group	Currency	Additions	Disposals	As at 31/12/2022
General governments	1	(1)	0	169	0	169
Banks	3	0	0	2	0	6
Other financial corporations	113	0	0	92	(42)	163
Non-financial corporations	1,574	(36)	30	624	(572)	1,619
Households	1,131	(38)	12	471	(444)	1,133
Loans and advances (NPL)	**2,822**	**(75)**	**43**	**1,358**	**(1,058)**	**3,090**
Bonds	**0**	**0**	**0**	**3**	**0**	**3**
Total (NPE)	**2,823**	**(75)**	**43**	**1,361**	**(1,059)**	**3,093**

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

	NPE		NPE ratio		NPE coverage ratio	
in € million	30/9/2023	31/12/2022	30/9/2023	31/12/2022	30/9/2023	31/12/2022
Central Europe	815	831	1.3 %	1.4 %	60.2 %	59.7 %
Southeastern Europe	590	591	1.9 %	2.0 %	67.3 %	70.2 %
Eastern Europe	577	708	2.1 %	2.3 %	75.5 %	65.1 %
Group Corporates & Markets	915	962	1.6 %	1.8 %	41.9 %	47.1 %
Corporate Center	0	0	0.0 %	0.0 %	100.0 %	100.0 %
Total	**2,898**	**3,093**	**1.5 %**	**1.6 %**	**58.9 %**	**59.0 %**

Falling € 131 million to € 577 million, the Eastern Europe segment was the main contributor to the decrease in non-performing exposure, on the one hand due to devaluation of the Russian ruble in the amount of € 58 million, on the other due to derecognitions and sales of non-performing loans in the amount of € 128 million, mainly in Russia with € 106 million. The NPE ratio fell 0.1 percentage points to 2.1 per cent. The coverage ratio increased 10.3 percentage points to 75.5 per cent.

Non-performing exposure in the Group Corporate & Markets segment recorded a reduction of € 47 million to € 915 million. This was positively influenced by derecognitions and sales of non-performing loans in the amount of € 128 million. The NPE ratio fell 0.2 percentage points compared to year-end to 1.6 per cent. The coverage ratio declined 5.2 percentage points to 41.9 per cent.

The Central Europe segment reported a € 16 million decrease in non-performing exposure to € 815 million, mainly due to decreases in Hungary and Poland totaling € 51 million, whereas Slovakia and the Czech Republic reported a totaling of € 35 million increase in non-performing exposure. The NPE ratio in relation to the total exposure fell 0.1 percentage points to 1.3 per cent compared to year-end. The coverage ratio rose 0.5 percentage points to 60.2 per cent.

Non-performing exposure in the Southeastern Europe segment remained unchanged at € 590 million in comparison to year-end. Beside Kosovo and Romania, in all other countries non-performing exposure declined mainly due to sales and derecognitions of non-performing loans in the amount of € 94 million, mainly in Romania with € 64 million, contrasted with higher new defaults of loans to households. The NPE ratio declined 0.1 percentage points to 1.9 per cent, the coverage ratio sank 2.9 percentage points to 67.3 per cent.

Non-performing exposure with restructuring measures:

	Refinancing		Instruments with modified maturities and conditions		Total	
in € million	30/9/2023	31/12/2022	30/9/2023	31/12/2022	30/9/2023	31/12/2022
General governments	0	0	0	0	0	0
Banks	0	0	0	0	0	0
Other financial corporations	54	60	29	38	83	98
Non-financial corporations	86	81	760	886	846	967
Households	7	8	267	273	275	281
Total	**148**	**149**	**1,056**	**1,197**	**1,204**	**1,346**

Non-performing exposure with restructuring measures by segments:

in € million	30/9/2023	Share	31/12/2022	Share
Central Europe	260	21.6 %	259	19.2 %
Southeastern Europe	151	12.5 %	182	13.5 %
Eastern Europe	346	28.7 %	350	26.0 %
Group Corporates & Markets	448	37.2 %	555	41.2 %
Total	**1,204**	**100.0 %**	**1,346**	**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	30/9/2023	Share	31/12/2022	Share
Central Europe	**75,689**	**31.3 %**	**71,413**	**29.0 %**
Czech Republic	34,669	14.3 %	31,738	12.9 %
Slovakia	24,158	10.0 %	24,085	9.8 %
Hungary	12,799	5.3 %	11,169	4.5 %
Poland	3,363	1.4 %	3,922	1.6 %
Other	700	0.3 %	498	0.2 %
Austria	**46,985**	**19.4 %**	**56,770**	**23.1 %**
Western Europe	**47,444**	**19.6 %**	**41,789**	**17.0 %**
Germany	12,462	5.2 %	11,929	4.9 %
France	8,383	3.5 %	7,756	3.2 %
Great Britain	5,197	2.2 %	3,713	1.5 %
Spain	4,597	1.9 %	3,265	1.3 %
Switzerland	3,286	1.4 %	3,143	1.3 %
Luxembourg	2,789	1.2 %	2,939	1.2 %
Netherlands	2,662	1.1 %	2,458	1.0 %
Italy	2,612	1.1 %	2,151	0.9 %
Other	5,456	2.3 %	4,434	1.8 %
Southeastern Europe	**36,896**	**15.3 %**	**35,464**	**14.4 %**
Romania	17,122	7.1 %	16,352	6.6 %
Croatia	7,759	3.2 %	7,298	3.0 %
Serbia	6,365	2.6 %	6,467	2.6 %
Bosnia and Herzegovina	2,146	0.9 %	2,125	0.9 %
Albania	1,975	0.8 %	1,788	0.7 %
Other	1,528	0.6 %	1,434	0.6 %
Eastern Europe	**21,856**	**9.0 %**	**25,552**	**10.4 %**
Russia	15,678	6.5 %	19,195	7.8 %
Ukraine	4,351	1.8 %	4,018	1.6 %
Belarus	1,376	0.6 %	1,805	0.7 %
Other	452	0.2 %	534	0.2 %
Asia	**5,576**	**2.3 %**	**6,345**	**2.6 %**
North America	**3,672**	**1.5 %**	**4,497**	**1.8 %**
Rest of World	**3,621**	**1.5 %**	**4,124**	**1.7 %**
Total	**241,740**	**100.0 %**	**245,953**	**100.0 %**

Austria recorded the largest decline due to lower money market transactions and lower deposits at the Austrian national bank. In Eastern Europe, there was a decrease in loans and advances in Russia, Belarus and Ukraine, in guarantees given in Russia, and, mainly currency-related, in consumer and mortgage loans in Russia. The declined exposure in North America and Asia was due to loans and advances to banks in the USA and China. Western Europe recorded an increase in repo transactions in Spain, Great Britain, France, Ireland and Italy, and in facility financing in Germany, France and the Netherlands. In Central Europe, the rise was due to increased bond portfolios in the Czech Republic, Hungary and Slovakia, increased facility financing in the Czech Republic and Slovakia, and increased loans and advances in Hungary. Southeastern Europe recorded an increase in money market transactions in Croatia.

The Group's credit exposure based on industry classification:

in € million	30/9/2023	Share	31/12/2022	Share
Banking and insurance	74,464	30.8 %	80,890	32.9 %
Private households	45,480	18.8 %	45,142	18.4 %
Public administration and defense and social insurance institutions	24,860	10.3 %	18,739	7.6 %
Other manufacturing	18,240	7.5 %	19,140	7.8 %
Wholesale trade and commission trade (except car trading)	14,766	6.1 %	15,403	6.3 %
Real estate activities	13,021	5.4 %	13,120	5.3 %
Construction	6,812	2.8 %	6,805	2.8 %
Electricity, gas, steam and hot water supply	6,124	2.5 %	5,737	2.3 %
Retail trade and repair of consumer goods	5,480	2.3 %	5,758	2.3 %
Land transport, transport via pipelines	3,214	1.3 %	3,328	1.4 %
Manufacture of food products and beverages	2,854	1.2 %	2,803	1.1 %
Land transport, transport via pipelines	2,577	1.1 %	2,577	1.0 %
Manufacture of basic metals	2,396	1.0 %	2,877	1.2 %
Manufacture of machinery and equipment	1,887	0.8 %	1,846	0.8 %
Other transport	1,644	0.7 %	1,770	0.7 %
Sale of motor vehicles	1,491	0.6 %	1,348	0.5 %
Extraction of crude petroleum and natural gas	979	0.4 %	1,033	0.4 %
Other industries	15,451	6.4 %	17,636	7.2 %
Total	**241,740**	**100.0 %**	**245,953**	**100.0 %**

(35) 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 tables below present an overview of the risk indicators under both models (ALL and IFRS-P&L) and the development by risk type.

Model IFRS-P&L total VaR (99%, 1d) in € million	VaR as at 30/9/2023	Average VaR	Minimum VaR	Maximum VaR	VaR as at 31/12/2022
Currency risk	7	6	2	14	13
Interest rate risk	4	5	2	32	4
Credit spread risk	3	4	3	7	6
Share price risk	1	1	1	1	1
Vega risk	0	1	0	3	1
Basis risk	7	6	3	20	30
Total	12	13	9	36	35

Model ALL total VaR (99%, 20d) in € million	VaR as at 30/9/2023	Average VaR	Minimum VaR	Maximum VaR	VaR as at 31/12/2022
Economic capital ALL	553	519	460	649	565
Vega risk ALL	7	15	6	33	16
Total ALL	**560**	**534**	**472**	**660**	**581**
Total ALL (Risk categories)					
Currency risk	519	519	472	625	560
Interest rate risk	233	197	96	287	169
Credit spread risk	33	37	31	43	36
Banking book (99%, 20d)					
Interest rate risk in the banking book	195	168	68	274	120

Capital positions held in foreign currencies and open foreign exchange positions, structural interest rate risks, spread risks from bond books (often held as liquidity buffers), basis risks from basis spreads in Russian ruble were the main drivers of the VaR result.

Compared to year-end, both the total VaR (Model ALL) and the P&L VaR (Model IFRS-P&L) decreased. In both cases, the decrease was due to the reduction in the Russian ruble position including the basis risk of the reference curves in Russian ruble. The decline of the P&L VaR (Model IFRS-P&L) was partly mitigated by the increase in the US dollar position in the third quarter.

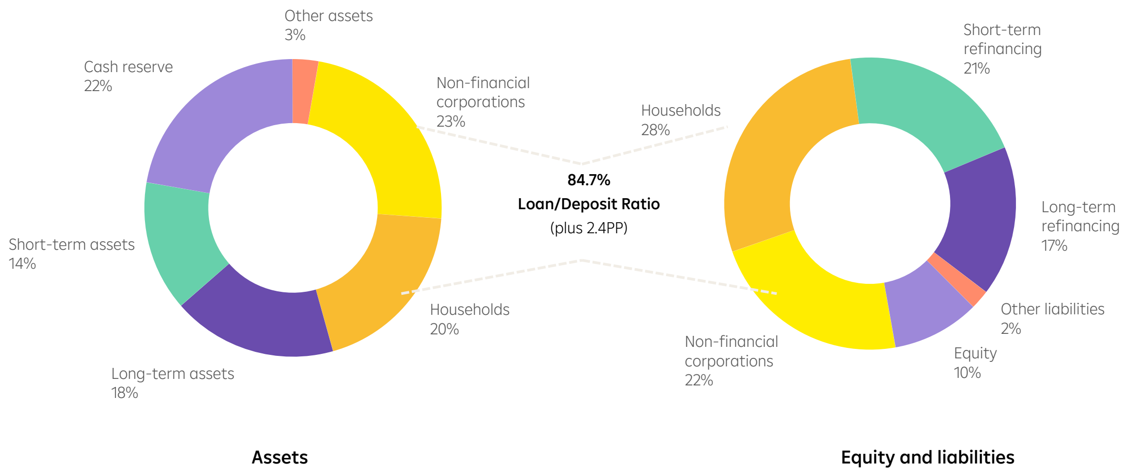
Market risk management is based on daily monitoring of market movements and position changes for the head office and Group units. In addition, developments on the local markets are updated daily and risk management is actively managed in order to be able to react quickly to changes.

(36) Liquidity management

With its strong liquidity position and proven processes for managing liquidity risk, RBI is demonstrating its high level of adaptability in the current crisis caused by war in Ukraine and the continuous intense media coverage. The ILAAP framework and RBI's governance again proved to be solid and functional also 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 subsidiary banks and the use of third-party financing loans (including supranationals). Partly due to tight country limits and partly due to beneficial pricing, the subsidiary banks 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. The capital flows are based on assumptions employing expert opinions, statistical analyses and country specifics. This calculation also includes estimates of the stability of the customer deposit base, outflows from off-balance-sheet positions and downward market movements in relation to positions which influence the liquidity counterbalancing capacity.

in € million	30/9/2023		31/12/2022	
Maturity	1 month	1 year	1 month	1 year
Liquidity gap	47,390	52,369	47,281	46,094
Liquidity ratio	177 %	142 %	179 %	136 %

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	30/9/2023	31/12/2022
Average liquid assets	40,578	43,954
Net outflows	20,192	21,712
Inflows	22,477	21,475
Outflows	42,669	43,188
Liquidity Coverage Ratio	**201 %**	**202 %**

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	30/9/2023	31/12/2022
Required stable funding	115,418	119,608
Available stable funding	161,779	161,545
Net Stable Funding Ratio	**140 %**	**135 %**

The improvement of NSFR resulted from a decline in required stable funding for corporate customers which was due to lower exposure volume in Russia and reduced collateral requirements due to the shorter remaining maturity of TLTRO instruments in Slovakia.

Other disclosures

(37) Pending legal issues

Details regarding various court, administrative or arbitration proceedings in which RBI is involved can be seen in the Annual Report 2022, pages 224 ff.

A provision is only recognized if there is a legal or constructive obligation because of a past event, payment is likely, and the amount can be reliably estimated. A contingent liability that arises from a past event is disclosed unless payment is highly unlikely. A contingent asset that arises from a past event is reported if there is high probability of occurrence. In no instance in the description that follows is an amount stated in which, in accordance with IAS 37, this would be severely detrimental. In some cases, provisions are measured on a portfolio basis because this results in the obligation being estimated with greater reliability. RBI has grouped its provisions, contingent assets, and contingent liabilities under the headings of consumer protection, banking business and regulatory enforcement.

Consumer protection

Croatia

In Croatia, following litigation initiated by a Croatian consumer association against Raiffeisenbank Austria, d.d., Zagreb (RBHR), and other Croatian banks, two contractual clauses used in consumer loan agreements between 2003/2004 and 2008 were declared null and void: an interest change clause and a CHF index clause. The decision on the interest adjustment clause cannot be challenged any more. The decision on the nullity of the CHF index clause which was confirmed by the Croatian Supreme Court also passed control of the Croatian Constitutional Court. RBHR is exploring the possibility to challenge this decision, and submitted an application before the European Court for Human Rights in August 2021. The issue of CHF-indexed loans which were converted under the Croatian Conversion Act into EUR-indexed loans was pending before the Court of Justice of the European Union (CJEU) for preliminary ruling. In May 2022, CJEU published a preliminary ruling but like the Croatian Supreme Court, CJEU 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 Croatian Consumers Credit Act 2015). Therefore, the issue whether consumers are entitled to additional compensation (notwithstanding conversion) remained for domestic courts to judge, primarily for the Croatian Supreme Court. 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. In its session in December 2022, the Croatian Supreme Court adopted the view that consumers are entitled to additional compensation only in the amount of default interest on overpayments (if any) made until the conversion of CHF-indexed loans into EUR-indexed loans in 2015. However, in April 2023, the President of the Supreme Court informed the public that the adopted legal position did not pass the control by the Registrar for Judicial Practice of the Supreme Court which has authority to return any decision in case it considers that it does not comply with the law. A possible solution (whether consumers are entitled to additional compensation or not) is expected to be given in the individual rulings of the Croatian Supreme Court. Only such specific rulings may then be challenged before the Constitutional Court. Given current legal uncertainties relating to the statute of limitations, the validity of the CHF index clause/conversion performed, the calculation of the additional compensation, 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 € 67 million (previous year: € 62 million).

Poland

In Poland, a significant number of civil lawsuits are pending in relation to certain contractual stipulations connected with consumer mortgage loans denominated in or indexed to foreign currencies. As at 30 September 2023, the total amount in dispute was approximately PLN 4,814 million (€ 1,040 million).

The number of lawsuits continues to increase. In this context, a Polish court requested the Court of Justice of the European Union (CJEU) to clarify whether certain clauses in these agreements breach European law and are unfair. The CJEU's preliminary ruling (C-260/18) in October 2019 does not answer whether the loan agreements are invalid in whole or part but merely gives interpretative guidance on the principles according to which the national courts must decide in each individual case. According to this, a loan agreement without unfair terms should remain valid provided that it is in conformity with national law. If a loan agreement cannot remain valid without the unfair term, the entire contract would have to be annulled. If the annulment of the entire contract triggers material negative consequences for the borrower, the Polish courts can replace the unfair term by a valid term in accordance with national law. The consequences of the contract being annulled must be carefully examined so that the borrower can consider all potential negative consequences of annulment. However, the consequences of canceling an annulled loan agreement remain unclear and may be serious for the borrower, for example due to the obligation to repay the loan immediately including the costs of using the loan amount. It remains to be seen how the principles developed by the CJEU will be applied under national law on a case-by-case basis.

In another proceeding involving RBI, the District Court for Warszawa-Wola in Warsaw requested the CJEU to issue a preliminary ruling concerning the way in which the contractual provisions concerning the rules for determining the buying and selling rates for foreign currency are to be formulated in the case of consumer mortgage loans indexed to a foreign currency. In the judgement of 18 November 2021 in case C-212/20, the CJEU considered that the content of a clause of a loan agreement that sets the buying and selling prices of a foreign currency to which the loan is indexed must enable a reasonably well informed and reasonably observant consumer, based on clear and intelligible criteria, to understand the way in which the foreign currency exchange rate used to calculate the amount of the repayment installments is set. Based on information specified in such a provision, the consumer must be able to determine on his or her own, at any time, the exchange rate applied by the entrepreneur. In the justification the CJEU specified that a provision that does not enable the consumer to determine the exchange rate himself or herself is unfair. Moreover, the CJEU indicated in said judgement that the national court, when the considered term of a consumer contract is unfair, is not allowed to interpret that term in order to remedy its unfairness, even if that interpretation would correspond to the common intention of the parties to that contract. Only if the invalidity of the unfair term were to require the national court to annul the contract in its entirety, thereby exposing the consumer to particularly unfavorable consequences, so that the consumer would thus be penalized, the national court might replace that term with a supplementary provision of national law. The CJEU therefore did not entirely preclude national courts hearing such cases from supplementing the contract with supplementary provisions of national law, but gaps may not be filled solely with national provisions of a general nature and such remedy may be applied only in strictly limited cases as specified by the CJEU.

The assessment of an unfair nature of contractual provisions as well as the decision concerning supplementation of the contract after removal of unfair contractual clauses, however, still falls within the competence of the national court hearing the case. The CJEU did not determine at all whether, in the consequence of the above-mentioned actions, the entire foreign currency contract is to be annulled. The current judicial practice of Polish courts is already consistent with the CJEU's preliminary ruling and, thus, unfavorable for banks holding consumer mortgage loans indexed to a foreign currency. The respective clauses, depending on the assessment made by the national court hearing the case, may not meet the requirements as specified in the above CJEU judgement.

On 15 June 2023, the CJEU announced its judgment in case C-520/21 on the consequences of the annulment of a mortgage loan agreement vitiated by unfair terms. The consumer mortgage loan agreement indexed to CHF had been annulled on the ground that the conversion clauses determining the rate of exchange into PLN for purposes of the monthly installments were considered to be unfair and that the loan agreement could not continue in existence after removal of the unfair terms. The CJEU observed that EU law does not expressly govern the consequences of the annulment of a consumer contract which are to be determined by domestic legislation in the individual EU member states. Such domestic legislation has to be compatible with EU law and its objectives, in particular to restore the situation which the consumer would have been in had the annulled contract not existed as well as not to undermine the deterrent effect sought by EU law. According to the CJEU, EU law does not preclude consumers from seeking compensation from the bank going beyond the reimbursement of the monthly installments paid and the expenses paid in respect of the performance the mortgage loan agreement together with the payment of default interest at the statutory rate from the date on which notice is served. Nevertheless, it is a matter for the national courts to determine whether upholding such claims on the part of the consumers is in accordance with the principle of proportionality. By contrast, EU law precludes the bank from being able to claim from the consumer compensation going beyond reimbursement of the capital paid in respect of the performance of the mortgage loan agreement together with the payment of default interest at the statutory rate from the date on which notice is served. As the interpretation of certain terms and judicial practice of Polish courts is unclear at this stage, an assessment of the negative impact on RBI's foreign currency consumer loan portfolio is not possible at this point of time.

A significant inflow of new cases has been observed since the beginning of 2020 as a result of the CJEU preliminary ruling and of intensified marketing activity by law firms acting on behalf of borrowers. Such an increased inflow of new cases has not only been observed by RBI's Polish branch, but by all banks handling currency loan portfolios in Poland. Furthermore, Polish courts have approached the CJEU with requests for a preliminary ruling in other civil proceedings. That ruling could lead to further clarifications and may influence how court cases concerning foreign currency loans are decided by national Polish courts. The impact assessment in relation to affected FX-indexed or FX-denominated loan agreements may also be influenced by the outcome of ongoing administrative proceedings conducted by the President of the Office of Competition and Consumer Protection (UOKiK) against RBI's Polish branch. Such administrative proceedings are, inter alia, based on the alleged practice of infringing collective consumer interests as well as on the classification of clauses in standard agreements as unfair. As at this point of time, it is uncertain what the potential impact of said proceedings could be on FX-indexed or FX-denominated loan agreements and RBI. Furthermore, such proceedings have resulted in and could result in the imposition of administrative fines on RBI's Polish branch – and in the event of appeals – in administrative court proceedings. Moreover, the Polish Financial Ombudsman, acting on behalf of two borrowers, has initiated a civil proceeding against RBI alleging employment of unfair commercial practices towards consumers in respect of a case in which RBI – following the annulment of a loan agreement – claimed the full loan amount originally disbursed without taking into account repayments made in the meantime as well as amounts due for the use of capital by the borrowers based on the principle of unjust enrichment, and has demanded that RBI discontinue such practices. In May 2023, the claim of the Financial Ombudsman was dismissed by the court of first instance.

RBI has recognized a provision for the lawsuits filed in Poland. As lawsuits have been filed by a number of customers, the provision is based on a statistical approach that takes into account both statistical data, where relevant, and expert opinions. In this chapter, the term provision includes provisions according to IFRS 9 as well as provisions according to IAS 37. Possible decision scenarios have been estimated together with the expected loss rates per scenario. The expected impact is based on loans from customers who have filed or are expected to file a lawsuit against the bank. To calculate the financial impact per scenario, the claim amount is multiplied by the estimated financial outflow in the scenario and the probability that the bank will ultimately have to pay compensation to the customer. An appropriate discount rate is applied to outflows that are not expected to arise within one year. The financial impacts of the individual scenarios are weighted on the basis of expert opinions. The resulting provision has been increased to € 1,338 million (previous year: € 803 million). The main uncertainties associated with the calculation of the provision relate to a potentially higher number of claims and an increase in the probability of losing the court cases.

When calculating the CHF provision for lawsuits filed in Poland, it is necessary to form a view on matters that are inherently uncertain, such as regulatory pronouncements, the number of future complaints, the extent to which they will be upheld and the impact of legal decisions that may be relevant to claims received. The total amount provided for CHF loans in Poland represents RBI Group's best estimate of the likely future cost. However, a number of risks and uncertainties remain and the cost could therefore differ from the Group's estimates and the assumptions underpinning them and result in a further provision being required. As a result, a negative legal decision for the bank can lead to a significant increase in the provision. RBI has Swiss franc loans with a total volume of around € 1,9 billion outstanding. These also include loans that are not expected to be the subject of litigation. Further these include non-performing loans originally granted in CHF but meanwhile converted into PLN. The total amount of the provision for CHF loans in Poland represents RBI's best estimate of the future outflow of economic benefits.

Romania

In October 2017, the consumer protection authority (ANPC) issued an order for RBI's Romanian network bank Raiffeisen Bank S.A., Bucharest (RBRO), 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 for any direct monetary restitution or payment from RBRO. RBRO, disputed this order in court but finally lost. In September 2022, the decision was rendered in writing. After discussions with ANPC and in accordance with an external legal opinion, RBRO issued new repayment schedules and started to repay certain amounts and related legal interest to affected customers. Based on the latest internal calculations, the expected negative financial impact is expected not to exceed € 28.5 million. Now, after nearly the total aforementioned amount had been paid to customers, ANPC has requested RBRO to provide detailed information on the implementation of the court's decision and RBRO provided such information. A provision of € 3 million (previous year: € 13 million) has been recognized.

Furthermore, RBRO, 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 RBRO violate consumer protection laws and regulations. Such proceedings may result in administrative fines, the invalidation of clauses in agreements, the retroactive change in payment schedules and the reimbursement of certain fees or parts of interest payments charged to customers in the past.

One of the proceedings involving ANPC affects a major part of the Romanian banking industry, including RBRO. ANPC has disputed the way installments in connection with consumer loans are computed and claims that repayment schedules with fixed installments, which are composed of a bigger portion of interest and a lower portion of principal in the early stages of the repayment, are detrimental to consumers. It issued an order to stop such practice but a number of banks, including RBRO, have obtained a suspension in court of the application of such ANPC measure. As the meaning of the order is not clear, it is not possible to determine at this point of time whether there will be any negative financial impact on RBRO and, if yes, the potential damage involved. However, in case of a mandatory change of repayment schedules, the impact could be significant.

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 (€ 122 million) in material damages and USD 200 million (€ 189 million) in immaterial damages. The claim was served upon RBI in May 2022. On 27 June 2023, the South Jakarta District Court (Pengadilan Negeri Jakarta Selatan), held that RBI has committed an unlawful act against the Indonesian company and ordered RBI to pay damages in the amount of USD 119 million (€ 112 million). RBI filed an appeal with the High Court of Jakarta (Pengadilan Tinggi Jakarta). In view of the facts of the case and the legal situation, RBI is still of the opinion that the claims are neither valid nor enforceable against RBI and therefore filed an appeal against the judgment with the High Court of Jakarta (Pengadilan Tinggi Jakarta).

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. 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 regarding the most significant alleged deficiencies. The case was appealed at the Romanian High Court of Cassation and Justice. In November 2020, the Romanian 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 Romanian 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 Romanian 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 (Ministry) rejected RBL's request for exoneration. RBL has disputed this decision in court. In December 2022, the Ministry has issued a title and asked RBL to pay also the penalties within 30 days. RBL disputed the payment request both at the ministry level and in court, and also filed a motion in court, to ask for a suspension of the payment request, given that RBL considers that the amnesty should have been granted and therefore, RBL should be exonerated from payment of penalties. The suspension was granted by the court. This decision is now final. In May 2023, RBL obtained a decision by the court that the amnesty should have been granted and that the Ministry should grant it. However, the Ministry filed a recourse against this decision.

In March 2018, an administrative fine of € 2.7 million (which was calculated by reference to the annual consolidated revenue of RBI and constitutes 0.06 per cent of the last available annual consolidated revenue) was imposed on RBI in the course of administrative proceedings based on alleged non-compliance with formal documentation requirements relating to the know-your-customer principle. According to the interpretation of the Austrian Financial Market Authority (FMA), RBI had failed to comply with these administrative obligations in a few individual cases. FMA did not allege that any money laundering or other crime had occurred, or that there was any suspicion of, or any relation to, any criminal act. RBI took the view that it had duly complied with all due diligence obligations regarding know-your-customer requirements and appealed against the fining order in its entirety. The Federal Administrative Court (Bundesverwaltungsgericht) confirmed FMA's decision at first instance, against which RBI appealed to the Austrian Supreme Administrative Court (Verwaltungsgerichtshof). In December 2019, the Austrian Supreme Administrative Court revoked the decision of the lower administrative instances and referred the case back to the Federal Administrative Court. In the retrial on 6 May 2021, the Federal Administrative Court again confirmed FMA's decision in general but reduced the administrative fine to € 824 thousand and allowed another appeal before the Austrian Supreme Administrative Court. Such appeal was filed by RBI. In July 2023, the Austrian Supreme Administrative Court revoked the decision of the administrative court of first instance and, again, referred the case back to the court of first instance. A provision of an appropriate amount has been recognized.

In September 2018, two administrative fines totaling PLN 55 million (€ 12 million) were imposed on RBPL in the course of administrative proceedings based on alleged non-performance of duties as the depositary and liquidator of certain investment funds. RBPL as custodian of investment funds assumed the role of liquidator of certain funds in 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 Bank 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 decision in its entirety. However, the KNF filed an appeal in cassation against the judgement. In relation to the PLN 50 million (€ 11 million) fine regarding RBPL's function as liquidator, the Voivodship Administrative Court decided to dismiss the appeal and uphold the KNF decision in its entirety. RBI has raised appeal in cassation to the Supreme Administrative Court because it takes the view that RBPL has duly complied with all its duties. In April 2023, the Supreme Administrative Court decided to refer the case regarding the PLN 5 million (€ 1 million) fine back to the Voivodship Administrative Court for reconsideration. Furthermore, the Supreme Administrative Court dismissed RBI's appeal in cassation in connection with the PLN 50 million (€ 11 million) fine which is now final. In October 2023, the Voivodship Administrative Court dismissed RBI's appeal and upheld the KNF decision imposing the PLN 5 million (€ 1 million) penalty on RBI in relation to the alleged violations of RBI's duties as depositary of certain investment funds. A cassation appeal against this judgment to the Supreme Administrative court is possible. Both fines have already been paid.

In this context, several individual lawsuits and four class actions, aggregating claims of holders of certificates in the above-mentioned investment funds currently in liquidation, were filed against RBI, whereby the total amount in dispute as at 30 September 2023 equals approximately PLN 74 million (€ 16 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 (€ 20 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. Due to RBI's legal assessment, no provision has been recognized.

Additionally, RBI received a number of claim notices from BNP in connection with certain bank operations in respect of which BNP is the legal successor to RBPL. Said claim notices primarily relate to administrative proceedings conducted by the KNF (Polish Financial Supervision Authority) in connection with alleged failures of RBPL/BNP in acting as a depository of investment funds and could lead to cash penalties. Furthermore, claims in this context have been raised by investors to BNP, and as a mitigating measure RBI supports BNP in this regard. The financial impact can not be estimated at this time.

In January 2023, RBI was informed by FMA that an administrative proceeding has been started based on the alleged non-compliance with certain legal requirements regarding the know-your-customer principle in connection with three customers of RBI's correspondent banking business. The transactions relevant for the administrative proceedings had been processed by RBI between 2017 and 2020. According to the interpretation of FMA, RBI had not sufficiently convinced itself that these banks had appropriate due diligence procedures in place regarding customers of their own correspondent banking business. Thus, in the view of FMA, RBI failed to fully comply with its administrative obligations in this regard. FMA did not state that any money laundering or other crime had occurred, or that there was any suspicion of, or any relation to, any criminal act. The administrative proceeding is ongoing and might lead to administrative fines.

In January 2023, RBI received a Request for Information (RFI) by the Office of Foreign Assets Control (OFAC) of the US Department of the Treasury. OFAC administers and enforces economic and trade sanctions based on US foreign policy and national security goals. A breach of US sanctions may, among others, result in fines, the freezing of accounts or the termination of business relationships with US correspondent banks. The questions raised by OFAC in the RFI are seeking to clarify payments business and related processes maintained by RBI with US correspondent banks in light of the developments related to Russia and Ukraine. As a matter of principle, RBI maintains policies and procedures that ensure compliance with applicable embargoes and financial sanctions and is cooperating fully with OFAC in relation to their request to the extent permitted by applicable laws and regulations.

(38) 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.

30/9/2023 in € million	Companies with significant influence	Affiliated companies	Investments in associates valued at equity	Other interests
Selected financial assets	**71**	**444**	**1,036**	**918**
Equity instruments	1	208	610	183
Debt securities	36	0	109	68
Loans and advances	34	236	317	667
Selected financial liabilities	**2,529**	**129**	**4,858**	**1,314**
Deposits	2,529	129	4,856	1,314
Debt securities issued	0	0	2	0
Other items	**115**	**2**	**512**	**144**
Loan commitments, financial guarantees and other commitments given	73	2	494	137
Loan commitments, financial guarantees and other commitments received	43	0	18	7
Nominal amount of derivatives	141	0	125	979
Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions on non-performing exposures	0	(2)	0	0

31/12/2022 in € million	Companies with significant influence	Affiliated companies	Investments in associates valued at equity	Other interests
Selected financial assets	**45**	**429**	**1,006**	**887**
Equity instruments	1	193	520	168
Debt securities	35	0	194	68
Loans and advances	9	236	292	651
Selected financial liabilities	**2,327**	**105**	**5,048**	**1,613**
Deposits	2,327	105	5,041	1,613
Debt securities issued	0	0	6	0
Other items	**152**	**13**	**563**	**146**
Loan commitments, financial guarantees and other commitments given	99	13	531	140
Loan commitments, financial guarantees and other commitments received	52	0	32	6
Nominal amount of derivatives	221	0	120	1,254
Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions on non-performing exposures	0	(2)	0	0

1/1-30/9/2023 in € million	Companies with significant influence	Affiliated companies	Investments in associates valued at equity	Other interests
Interest income	3	7	12	8
Interest expenses	(53)	(2)	(85)	(49)
Dividend income	0	10	29	5
Fee and commission income	3	27	7	7
Fee and commission expenses	(3)	(2)	(42)	(18)
Increase/decrease in impairment, fair value changes due to credit risk and provisions for non-performing exposures	0	1	3	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)
Increase/decrease in impairment, fair value changes due to credit risk and provisions for non-performing exposures	0	(25)	(1)	0

(39) Employees

Full-time equivalents	1/1-30/9/2023	1/1-30/9/2022
Average number of staff	44,574	44,274
hereof salaried employees	43,957	43,729
hereof wage earners	617	545
Full-time equivalents	**30/9/2023**	**30/9/2022**
Employees as at reporting date	44,810	44,024
hereof Austria	4,765	4,587
hereof foreign	40,045	39,437

Regulatory information

(40) 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 2.58 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). For RBI, the SRB was set at 1 per cent and the O-SII at 1.25 per cent. Furthermore a capital conservation buffer of 2.5 per cent must be adhered to.

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 36th meeting on 25 April 2023, the FMSB recommended that the countercyclical capital buffer be maintained further at 0 per cent. In addition, those buffer rates that have been set in other member states are included at RBI level and included in the capital requirements based on a weighted average calculation. In RBI, the countercyclical capital buffer amounts to 0.60 per cent.

In total, there is a requirement for the CET1 ratio (including the combined capital buffer requirement) of 11.30 per cent for RBI as at 30 September 2023 and considering P2G, this means a ratio of 12.55 per cent to be adhered to.

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	30/9/2023	31/12/2022
Capital instruments and the related share premium accounts	5,992	5,991
Retained earnings	13,876	10,482
Accumulated other comprehensive income (and other reserves)	(5,091)	(3,974)
Minority interests (amount allowed in consolidated CET1)	683	607
Independently reviewed interim profits net of any foreseeable charge or dividend	715	3,337
Common equity tier 1 (CET1) capital before regulatory adjustments	**16,175**	**16,442**
Additional value adjustments (negative amount)	(72)	(93)
Deductions for new net provisioning	(169)	0
Intangible assets (net of related tax liability) (negative amount)	(608)	(605)
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)	(16)	(23)
Fair value reserves related to gains or losses on cash flow hedges	66	51
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	3	(4)
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	(50)	(30)
hereof: securitization positions (negative amount)	(50)	(30)
Other regulatory adjustments	(65)	(74)
Total regulatory adjustments to common equity tier 1 (CET1)	**(931)**	**(799)**
Common equity tier 1 (CET1) capital	**15,244**	**15,643**
Capital instruments and the related share premium accounts	1,670	1,675
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	42	34
Total regulatory adjustments to Additional Tier 1 (AT1) capital	**(33)**	**(33)**
Additional tier 1 (AT1) capital	**1,679**	**1,676**
Tier 1 capital (T1 = CET1 + AT1)	**16,923**	**17,319**
Capital instruments and the related share premium accounts	2,280	2,362
Qualifying own funds instruments included in consolidated T2 capital (including minority interests and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties	31	51
Credit risk adjustments	286	282
Total regulatory adjustments to Tier 2 (T2) capital	**(254)**	**(312)**
Tier 2 (T2) capital	**2,343**	**2,383**
Total capital (TC = T1 + T2)	**19,266**	**19,702**
Total risk-weighted assets (RWA)	**97,278**	**97,680**

Total capital requirement and risk-weighted assets

in € million	30/9/2023		31/12/2022	
	Risk-weighted exposure	Capital requirement	Risk-weighted exposure	Capital requirement
Total risk-weighted assets (RWA)	**97,278**	**7,782**	**97,680**	**7,814**
Risk-weighted exposure amounts for credit, counterparty credit and dilution risks and free deliveries	**75,060**	**6,005**	**76,208**	**6,097**
Standardized approach (SA)	**27,392**	**2,191**	**29,196**	**2,336**
Exposure classes excluding securitization positions	27,392	2,191	29,196	2,336
Central governments or central banks	2,698	216	2,666	213
Regional governments or local authorities	127	10	128	10
Public sector entities	16	1	16	1
Multilateral development banks	218	17	0	0
Institutions	170	14	241	19
Corporates	6,689	535	7,274	582
Retail	5,748	460	6,823	546
Secured by mortgages on immovable property	5,817	465	6,461	517
Exposure in default	510	41	635	51
Items associated with particular high risk	195	16	233	19
Covered bonds	4	0	4	0
Collective investments undertakings (CIU)	87	7	66	5
Equity interests	1,642	131	1,537	123
Other items	3,471	278	3,112	249
Internal ratings based approach (IRB)	**47,668**	**3,813**	**47,012**	**3,761**
IRB approaches when neither own estimates of LGD nor conversion factors are used	**38,578**	**3,086**	**38,960**	**3,117**
Central governments or central banks	4,411	353	2,657	213
Institutions	3,683	295	3,111	249
Corporates - SME	2,788	223	3,375	270
Corporates - Specialized lending	4,081	326	3,827	306
Corporates - Other	23,615	1,889	25,991	2,079
IRB approaches when own estimates of LGD and/or conversion factors are used	**8,240**	**659**	**7,302**	**584**
Retail - Secured by real estate SME	102	8	72	6
Retail - Secured by real estate non-SME	3,001	240	3,057	245
Retail - Qualifying revolving	632	51	423	34
Retail - Other SME	477	38	376	30
Retail - Other non-SME	4,028	322	3,374	270
Equity interests	588	47	409	33
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	262	21	341	27

in € million	30/9/2023		31/12/2022	
	Risk-weighted exposure	Capital requirement	Risk-weighted exposure	Capital requirement
Total risk exposure amount for settlement/delivery	**15**	**1**	**19**	**1**
Settlement/delivery risk in the non-trading book	0	0	0	0
Settlement/delivery risk in the trading book	15	1	19	1
Total risk exposure amount for position, foreign exchange and commodities risk	**7,823**	**626**	**6,889**	**551**
Risk exposure amount for position, foreign exchange and commodities risks under standardized approaches (SA)	**6,519**	**521**	**5,634**	**451**
Traded debt instruments	1,009	81	962	77
Equity interests	105	8	74	6
Particular approach for position risk in CIUs	1	0	1	0
Foreign exchange	5,385	431	4,591	367
Commodities	20	2	6	0
Risk exposure amount for position, foreign exchange and commodities risks under internal models (IM)	**1,304**	**104**	**1,255**	**100**
Total risk exposure amount for operational risk	**12,173**	**974**	**12,667**	**1,013**
OpR standardized (STA) /alternative standardized (ASA) approaches	12,173	974	12,667	1,013
OpR advanced measurement approaches (AMA)	0	0	0	0
Total risk exposure amount for credit valuation adjustments	**241**	**19**	**280**	**22**
Standardized method	241	19	280	22
Other risk exposure amounts	**1,967**	**157**	**1,618**	**129**
of which risk-weighted exposure amounts for credit risk: securitization positions (revised securitization framework)	1,967	157	1,618	129

Regulatory capital ratios

in per cent	30/9/2023	31/12/2022
Common equity tier 1 ratio (transitional)	15.7 %	16.0 %
Common equity tier 1 ratio (fully loaded)	15.4 %	15.6 %
Tier 1 ratio (transitional)	17.4 %	17.7 %
Tier 1 ratio (fully loaded)	17.1 %	17.3 %
Total capital ratio (transitional)	19.8 %	20.2 %
Total capital ratio (fully loaded)	19.7 %	20.0 %

Leverage ratio

The leverage ratio is defined in Part 7 of the CRR. According to Article 92 of the CRR, there is a mandatory quantitative requirement of 3 per cent as at 30 September 2023:

in € million	30/9/2023	31/12/2022
Leverage exposure	237,112	235,640
Tier 1	16,923	17,319
Leverage ratio in per cent (transitional)	**7.1 %**	**7.3 %**
Leverage ratio in per cent (fully loaded)	**7.0 %**	**7.1 %**

Events after the reporting date

Supervisory Board appoints Valerie Brunner to the Management Board

The Supervisory Board of RBI appointed Valerie Brunner to the Management Board of RBI on 19 October 2023. As of 1 November 2023, Valerie Brunner will assume responsibility for the CIB Customer Coverage division and succeed Peter Lennkh, who left the RBI Management Board at the end of August. Valerie Brunner is currently responsible for institutional clients in RBI. Her appointment is subject to regulatory approval.

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.

These key figures are often used in the financial sector to analyze and describe the earnings and financial position. The special items used below to calculate some alternative performance measures arise from the nature of Group's business, i.e. that of a universal banking group. However, it is to mention that the definitions mostly vary between companies. Please find the definitions of these ratios below.

Consolidated return on equity – Consolidated profit less dividend on additional tier 1 capital in relation to average consolidated equity (i.e. the equity attributable to the shareholders of RBI). Average consolidated equity is based on month-end figures excluding non-controlling interests and does not include current year profit.

Cost/income ratio is an economic metric and shows the company's costs in relation to its income. The ratio gives a clear view of operational efficiency. Banks use the cost/income ratio as an efficiency measure for steering the bank and for easily comparing its efficiency with other financial institutions. General administrative expenses in relation to operating income (before impairment) are calculated for the cost/income ratio. General administrative expenses comprise staff expenses, other administrative expenses, and depreciation/amortization of intangible and tangible fixed assets. Operating income comprises net interest income, dividend income, current income from investments in associates, net fee and commission income, net trading income and fair value result, net gains/losses from hedge accounting and other net operating income.

Effective tax rate (ETR) – Relation of income tax expense to profit before tax. The effective tax rate differs from the company's jurisdictional tax rate due to many accounting factors and enables a better comparison among companies. The effective tax rate of a company is the average rate at which its pre-tax profits are taxed. It is calculated by dividing total tax expense (income taxes) by profit before tax. Total tax expense includes current income taxes and deferred taxes.

Loan/deposit ratio is used to assess a bank's liquidity. 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 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 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.

Return on assets (ROA before/after tax) is a profitability ratio and measures how efficiently a company can manage its assets to produce profits during a period. It is computed by dividing profit before tax/after tax by average assets (based on total assets, average means the average of year-end figure and the relevant month´s figures).

Return on equity (ROE before/after tax) provides a profitability measure for both management and investors by expressing the profit for the period as presented in the income statement as a percentage of the respective underlying (either equity or total assets). Return on equity demonstrates the profitability of the bank on the capital invested by its shareholders and thus the success of their investment. Return on equity is a useful measure to easily compare the profitability of a bank with other financial institutions. Return on the total equity including non-controlling interests, i.e. profit before tax respectively after tax in relation to average equity on the statement of financial position. Average equity is calculated on month-end figures including non-controlling interests and does not include current year profit.

Return on risk-adjusted capital (RORAC) is a ratio of a risk-adjusted performance management and shows the yield on the risk-adjusted capital (economic capital). The return on risk-adjusted capital is computed by dividing consolidated profit by the risk-adjusted capital (i.e. average economic capital). This capital requirement is calculated within the economic capital model for credit, market, and operational risk.

Total capital specific key figures

Common equity tier 1 ratio – Common equity tier 1 as a percentage of total risk-weighted assets (RWA) according to CRR/CRD IV regulation.

Leverage ratio – The ratio of tier 1 capital to all exposures on and off the statement of financial position insofar as they are not deducted when determining the capital measurand. The calculation is in accordance with the methodology set out in CRD IV.

Total risk-weighted assets (RWA) – Risk-weighted assets (credit risk, CVA risk) including market risk and operational risk.

Tier 1 ratio – Tier 1 capital to total risk-weighted assets (RWA).

Total capital ratio – Total capital as a percentage of total risk-weighted assets (RWA).

List of abbreviations

BP	Basis points
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
IPS	Institutional Protection Scheme
IRB	Internal Ratings Based
ITS	Implementing Technical Standards
LCR	Liquidity Coverage Ratio
LGD	Loss Given Default
MREL	Minimum Requirement for Own Funds and Eligible Liabilities
NPE	Non-Performing Exposure
NPL	Non-Performing Loans
NSFR	Net Stable Funding Ratio
OTC	Over The Counter
PD	Past Due
PEPP	Pandemic Emergency Purchase Programme
POCI	Purchased or Originated Credit Impaired
RBI	Raiffeisen Bank International Group
RBI AG	Raiffeisen Bank International Aktiengesellschaft
RWA	Risk-Weighted Assets
RORAC	Return on Risk Adjusted Capital
SA	Standardized Approach
SA-CCR	Standardized Approach to Counterparty Credit Risk
SEE	Southeastern Europe
SICR	Significant Increase in Credit Risk
SIRP	Special Interest Rate Period
SRB	Systemic Risk Buffer
SREP	Supervisory Review and Evaluation Process
TLTRO	Targeted Longer-Term Refinancing Operations
UNEP FI	UN Environment Programme Finance Initiative
VaR	Value-at-Risk
WACC	Weighted Average Cost of Capital

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Raiffeisen Bank International